CHATTOOGA COUNTY, GEORGIA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

CHATTOOGA COUNTY, GEORGIA
TABLE OF CONTENTS
Year Ended December 31, 2014

	PAGE
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12
Basic Financial Statements	
Government Financial Statements	
Government Statement of Net Position	13
Government Statement of Activities	14-15
Fund Financial Statements	
Governmental Funds	
Balance Sheet	16
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balance	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balance of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	20
Proprietary (Enterprise) Fund	
Balance Sheet	21-22
Statement of Revenues, Expenditures, and Changes in Fund Net Position	23
Statement of Cash Flows	24-25
Fiduciary Funds (Agency Funds)	
Statement of Fiduciary Assets and Liabilities	26
Notes to Basic Financial Statements	27-44
Combining Financial Statements Non-Major Governmental Funds	
Combining Balance Sheet – Non-Major Governmental Funds	45-46
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	47-48
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Drug Confiscation Fund	49
Jail Improvement Fund	50
DATE Fund	51
E-911 Emergency Fund	52
Housing Prisoners Fund	53
Law Library Fund	54
CDBG Sewer Fund	55

CHATTOOGA COUNTY, GEORGIA
TABLE OF CONTENTS
Year Ended December 31, 2014

	PAGE
General Fund	
Comparative Balance Sheet	56
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual with Comparative Totals	57
Schedule of Expenditures by Departments	58
Schedule of Expenditures by Accounts	59-65
Capital Project Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Project – Sales Tax Fund	66
Proprietary Fund	
Water Revenue Fund	
Comparative Statements of Net Position	67
Comparative Statements of Revenues, Expenditures, and Changes in Fund Net Position	68
Comparative Statements of Cash Flows	69-70
Trust and Agency Fund	
Agency Funds	
Combining Balance Sheet	71
Combining Statement of Changes in Assets and Liabilities	72
Component Unit	
Chattooga County Health Department	
Balance Sheet – General Fund	73
Reconciliation of Total General Fund Balance to Net Position of Governmental Activities	74
Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund	75
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of General Fund to Statement of Activities	76
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	77
Federal and State Compliance	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	78-79
Schedule of Findings and Responses	80-81
Schedule of Projects Constructed with Special Sales Tax Proceeds	82

CHRYSAN THOMAS
Certified Public Accountant
Professional Corporation
Member
American Institute of
Certified Public Accountants
Trion, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Commissioner
Chattooga County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Chattooga County, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component unit, Chattooga County Health Department, which represent 1.8 percent, 2.8 percent, and 4.9 percent, respectively, of the assets, net position, and revenues of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Chattooga County Health Department, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

P.O. Box 1066 Trion, Georgia 30753 (706)734-4377 chrysan@chrysanthomascpa.com

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Chattooga County, Georgia as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 12), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chattooga County, Georgia's financial statements. The combining and individual non-major fund financial statements and the Schedule of Projects Constructed with Special Local Option Sales Tax Proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the Schedule of Projects Constructed with Special Local Option Sales Tax Proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the Schedule of Projects Constructed with Special Local Option Sales Tax Proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2015 on our consideration of Chattooga County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chattooga County, Georgia's internal control over financial reporting and compliance.

Chrysan Thomas

CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
October 16, 2015

CHATTOOGA COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014

Our discussion and analysis of Chattooga County, Georgia's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2014. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the County's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Financial Highlights

- The County's total net assets decreased by $1.017 million as a result of this year's operations. The net assets of our business-type activities increased by $13,592 while the assets of our governmental activities decreased by $1.03 million.
- During the year, the County had expenses that were $1.03 million more than the $10.4 million generated in tax and other revenues for total governmental programs.
- In the County's business-type activities, revenues decreased to $1.5 million and expenses slightly increased to $1.45 million.
- Total cost of all of the County's programs was $15 million, compared to $14.703 million for 2013, with no new programs added this year.
- The County's governmental activities reported a decrease in net assets this year of $1.03 million.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The County also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The County's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and eliminating and/ or reclassifying internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This statement is the government-wide statement of position presenting information that includes all of the County's assets and liabilities, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County as a whole is improving or deteriorating. Evaluation of the overall health of the County would extend to other non-financial factors such as diversification of the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities,* which reports how the County's new position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both government-wide financial statements distinguish governmental activities of the County that are principally supported by taxes and user charges, and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, court system, cultural and recreational, sanitation, and health and welfare. Business-type activities include the Chattooga County Water District. The County's fiduciary activities simply hold resources temporarily for others and are not included in the government-wide statements since these assets are not available to fund County programs.

The County's financial reporting includes the funds of the County (primary government) and, additionally, organizations for which the County is accountable (component units). Component units operate independently or provide services directly to the citizens, though the County remains accountable for their activities. A board of directors that the County has the authority to make all or some of the appointments governs component units. Chattooga County has one component unit, the County Health Department, is reported separately from the primary government though included in the County's overall reporting entity.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The County has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the County's governmental funds. These statements report short-term accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. Budgetary comparison schedules for special revenue funds and the capital project funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the County's adopted and final revised budget.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the County organization such as the Chattooga County Water District. Internal service funds provide services and charges fees to customers (i.e., other funds) within the County organization. The County does not have any internal service funds. Proprietary fund statements and statements for discretely presented component units (reporting is similar to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statement but with more detail for major enterprise funds and individual component units. Individual fund information for non-major enterprise funds is found in combining and individual fund statements in a later section of this report.

Fiduciary funds (i.e., the agency funds) are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund County programs. Fiduciary fund financial statements report similarly to proprietary funds.

Notes to the basic financial statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other information

Major funds and component units are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the County as a Whole

As noted previously, net position may serve over time as a useful indicator of a government's financial positions. The County's combined net position (governmental and business-type activities) totaled $16.5 million at December 31, 2014.

The following table provides a summary of the County's governmental and business-type net position for the years 2014 and 2013.

Table 1

Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other Assets	$ 5,105,119	$ 5,847,597	$ 825,532	$ 791,332	$ 5,930,651	$ 6,638,929
Capital assets - net	6,629,761	7,005,758	17,103,508	17,374,761	23,733,269	24,380,519
Total Assets	11,734,880	12,853,355	17,929,040	18,166,093	29,663,920	31,019,448
Long-term debt Outstanding	2,895,012	3,350,061	9,056,086	9,312,870	11,951,098	12,662,931
Other liabilities	751,870	384,059	470,335	464,196	1,222,205	848,255
Total liabilities	3,646,882	3,734,120	9,526,421	9,777,066	13,173,303	13,511,186
Net Position:						
Net investment In Capital Assets	4,656,595	6,716,672	7,790,628	7,808,706	12,447,223	14,525,378
Restricted	2,185,211	1,247,798	165,050	156,241	2,350,261	1,404,039
Unrestricted	1,246,192	1,154,765	446,941	424,080	1,693,133	1,578,845
Total Net Position	$ 8,087,998	$ 9,119,235	$ 8,402,619	$ 8,389,027	$16,490,617	$ 17,508,262

For the year ended December 31, 2014, the County's net position decreased from 2013. Our analysis focuses on the net position (Table 1 above) and changes in net position (Table 2 below) of the County's governmental and business-type activities.

The major infrastructures (roads, streets, and bridges) that the County owns or is responsible for maintaining has been included in the capital assets and net position of the County for 2014 and 2013. Capital assets are used to provide services to the County's citizens; therefore, are not available for future spending. Although the County's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current year, the County is able to report positive balances in all categories of net position for both governmental and business-types activities.

Changes in Net Position

Governmental and business-type activities decreased the County's net position by $1,017,645 during 2014.

The following table indicates the changes in net assets for governmental and business-type activities during 2014 and 2013.

Table 2

Changes in Net Position

	Governmental Activities		Business Activities		Total Primary	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	$ 1,942,376	$ 1,880,142	$ 1,004,444	$ 991,451	$ 2,946,820	$ 2,871,593
Operating grants	1,015,105	124,029	-	-	1,015,105	124,029
Capital grants	197,022	40,711	452,435	706,276	649,457	746,987
General revenues						
Property taxes	6,958,663	6,992,439	-	-	6,958,663	6,992,439
Sales taxes	2,410,994	2,330,635	-	-	2,410,994	2,330,635
Other revenues	121	298	1,998	2,145	2,119	2,443
Total revenues	12,524,281	11,368,254	1,458,877	1,699,872	13,983,158	13,068,126
Program expenses						
General government	1,385,257	1,374,697	-	-	1,385,257	1,374,697
Public safety	4,721,524	4,391,192	-	-	4,721,524	4,391,192
Public works	3,373,346	3,250,126	-	-	3,373,346	3,250,126
Court system	1,336,670	1,292,602	-	-	1,336,670	1,292,602
Cultural & recreational	621,953	1,043,426	-	-	621,953	1,043,426
Sanitation	1,824,916	1,581,259	-	-	1,824,916	1,581,259
Health and welfare	291,852	366,853	-	-	291,852	366,853
Water and sewer	-	-	1,445,285	1,402,962	1,445,285	1,402,962
Total expenses	13,555,518	13,300,155	1,445,285	1,402,962	15,000,803	14,703,117
Excess (deficiency) before transfers and other items	(1,031,237)	(1,931,901)	13,592	296,910	(1,017,645)	(1,634,991)
Transfers-in (Out)	-	-	-	-	-	-
Increase (decrease)						
Change in net position	(1,031,237)	(1,931,901)	13,592	296,910	(1,017,645)	(1,634,991)
Net position - beginning	9,119,235	11,051,136	8,389,027	8,092,117	17,508,262	19,143,253
Net position - ending	$ 8,087,998	$ 9,119,235	$ 8,402,619	$ 8,389,027	$ 16,490,617	$17,508,262

Financial Analysis of the County's Funds

Governmental Activities

To aid in the understanding of the Government-wide Statement of Activities on pages 13 and 14 some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenues, Expenses, and Changes in Fund Balance. Expenses are listed in the first column and revenues from that particular program are reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. All other governmental revenues are reported as general at the bottom of the statement. It is important to note that all taxes are classified as general revenues even if restricted for a specific purpose.

Table 3 presents the cost of each of the County's departments as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

Table 3

Governmental Activities

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government	$ 1,385,257	$ 1,280,629	$ 1,374,697	$ 1,265,200
Sheriff and Jail, 911 and Fire	4,721,524	3,155,696	4,391,192	3,005,343
Public Works	3,373,346	2,575,387	3,250,126	3,221,104
Court System	1,336,670	1,336,670	1,292,602	1,292,602
Cultural and Recreation	621,953	453,011	1,043,426	962,415
Sanitation	1,824,916	1,307,770	1,581,259	1,141,756
Health and Welfare	291,852	291,852	366,853	366,853
Total	$ 13,555,518	$ 10,401,015	$ 13,300,155	$ 11,255,273

Business-type Activities

Revenues of the County's business-type activities (see Table 2) decreased by $241,000 for 2014 over 2013. Expenses increased by $42,323 for 2014 over 2013. A summary of activity follows in Table 4.

Table 4

	Water and Sewer	
	2014	**2013**
Revenues:		
Charges for Services	$ 1,004,444	$ 991,451
Other Revenues	454,433	708,421
Total Revenues	1,458,877	1,699,872
Expenses:		
Operating Expenses Other than Depreciation	660,019	688,618
Depreciation	485,109	429,380
Interest Expense	300,157	284,964
Total Expenses	1,445,285	1,402,962
Net Income	$ 13,592	$ 296,910

The County's Funds

The County completed the year with its governmental funds (as presented in the balance sheet on page 16) reporting a *combined* fund balance of $4.2 million compared to $4.6 million for 2013. During 2013, the County issued General Obligation Sales Tax Bonds, Series 2013 in the principal amount of $3,250,000. Unspent bond proceeds are included in the total of restricted fund balance in both years.

The County received $2.4 million in SPLOST revenue for various projects of the Cities and County. The amounts paid to the Cities were as follows:

Summerville	**$ 543,243**	**Menlo**	**$ 62,776**
Trion	**$ 326,711**	**Lyerly**	**$ 73,039**

The Cities receive payments from the County government as reimbursement for operations of the fire departments. The amount provided in 2014 and 2013 was $96,000.

In addition, the County government made reimbursement payments to the Cities to assist in providing recreation. The amount provided was $105,500 in 2014 and 2013.

There were no significant variations in budget revenues. The General Fund actual charges (expenditure) were $130 over the final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2014, the County had $24 million invested in a broad range of capital assets, including police and administrative equipment, buildings, ambulance equipment, water lines, and infrastructure. (See Table 5 below). These amounts include infrastructure cost of the governmental activities and are net of $56.4 million in accumulation depreciation.

Table 5

Capital Assets at Year-End

(Net of Depreciation)

	2014			2013
	Governmental Activities	Business-type Activities	Primary Government Total	Primary Government Total
Land and CIP	$ 436,747	$ 56,899	$ 493,646	$ 493,646
Buildings	2,601,277	68,624	2,669,901	2,338,187
Equipment	854,585	335,830	1,190,415	1,289,559
Infrastructure	2,737,152	16,642,155	19,379,307	20,259,127
Total	$ 6,629,761	$ 17,103,508	$ 23,733,269	$ 24,380,519

Debt

At December 31, 2014, the County had $12.9 million in bonds, loans and long-term leases payable as presented in Table 6 below. The County issued revenue bonds secured by water revenues to finance the construction of the water expansion project into the Gore-Subligna Community.

Table 6

	Outstanding Debt at December 31, 2014			2013
	Governmental Activities	Business Type Activities	Primary Government Total	Primary Government Total
Revenue Bonds (secured by specific fee revenues of the water system)	$ -	$ 7,649,587	$ 7,649,587	$ 7,808,934
Revenue Bonds (secured Sales tax proceeds)	3,250,000	-	3,250,000	3,250,000
GEFA Loans (secured by water system)	-	1,663,293	1,663,293	1,757,121
Promissory Note (secured by equipment)	27,861	-	27,861	-
Lease payable (secured by equipment)	180,063	-	180,063	135,756
Total	$ 3,457,924	$ 9,312,880	$ 12,770,804	$ 12,951,811

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County is an average size county for Georgia but it is not located on a major interstate highway. As a result, the County has not experienced any significant change in population or additional industry. The tax base has remained constant with major industries being in the area of textile manufacturing. Major projects have been in the water utility fund.

The 2015 budget has been prepared with no increase in the millage rate.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or would like to request additional financial information, please contact:

Chattooga County Commissioner's Office
10102 Commerce Street
Summerville, Georgia 30747

Telephone: 706-857-0700
Website: www.chattoogacountyga.com



Jason Winters, Commissioner
Chattooga County, Georgia

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government Financial Statements

- Statement of Net Position
- Statement of Activities

Fund Financial Statements

- Governmental Funds
- Proprietary (Enterprise) Funds

Notes to Basic Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Investments	$ 2,248,157	$ 228,582	$ 2,476,739	$ 407,687
Receivables (Net of Allowance for Doubtful Accounts)				
Ad Valorem Taxes	968,962	-	968,962	-
Other Taxes	220,229	-	220,229	-
Accounts	167,485	161,762	329,247	10,142
Due from Other Governments	1,403	-	1,403	96,765
Inventories	1,200	41,856	43,056	1,710
Prepaid Items	12,935	1,634	14,569	-
Restricted Assets				
Cash and Cash Investments	1,484,748	391,698	1,876,446	-
Capital Assets:				
Land	436,747	56,899	493,646	-
Buildings	4,217,849	145,810	4,363,659	-
Equipment	5,721,309	850,404	6,571,713	11,783
Infrastructure	49,077,741	19,651,325	68,729,066	-
Accumulated Depreciation	(52,823,885)	(3,600,930)	(56,424,815)	-
Total Assets	$ 11,734,880	$ 17,929,040	$ 29,663,920	$ 528,087
Liabilities				
Accounts Payable	$ 188,958	$ 16,893	$ 205,851	$ 419
Due to Other Governments	-	-	-	23,737
Deposits	-	190,768	190,768	-
Current Portion of Long-term Debt	562,912	256,794	819,706	-
Accrued Interest	-	5,880	5,880	-
Non-Current Liabilities				
Capital Lease	155,012	-	155,012	-
Compensated absences	-	-	-	35,888
Bonds Payable	2,740,000	9,056,086	11,796,086	-
Total Liabilities	3,646,882	9,526,421	13,173,303	60,044
Net Position				
Net investment in Capital Assets	4,656,595	7,790,628	12,447,223	11,783
Restricted for				
Debt Service	-	165,050	165,050	-
Capital projects	1,864,611	-	1,864,611	-
Special Programs	320,600	-	320,600	-
Unrestricted	1,246,192	446,941	1,693,133	456,260
Total Net Position	$ 8,087,998	$ 8,402,619	$ 16,490,617	$ 468,043

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General Government	$ 1,385,257	$ 54,313	$ 50,315	$ -
Public Safety	4,714,704	1,489,907	47,121	28,800
Public Works	3,373,346	25,819	769,923	2,217
Court System	1,336,670	-	-	-
Cultural and Recreational	621,953	21,196	147,746	-
Sanitation	1,824,916	351,141	-	166,005
Health and Welfare	291,852	-	-	-
Interest Expense	6,820	-	-	-
Total Governmental Activities	13,555,518	1,942,376	1,015,105	197,022
Business-Type Activities				
Water and Sewer District	1,445,285	1,004,444	-	452,435
Total Business-Type Activities	1,445,285	1,004,444	-	452,435
Total Government	$ 15,000,803	$ 2,946,820	$ 1,015,105	$ 649,457
Component Unit				
Health and Welfare	$ 684,071	$ 150,134	$ 375,198	$ -

General Revenues:
Ad Valorem Tax
Sales Tax
County Fundings
Investment Earnings
Miscellaneous
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year
Net Position at End of Year

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

Net (Expenses) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit
$ (1,280,629)	$ -	$ (1,280,629)	
(3,148,876)	-	(3,148,876)	
(2,575,387)	-	(2,575,387)	
(1,336,670)	-	(1,336,670)	
(453,011)	-	(453,011)	
(1,307,770)	-	(1,307,770)	
(291,852)	-	(291,852)	
(6,820)	-	(6,820)	
(10,401,015)	-	(10,401,015)	
-	11,594	11,594	
-	11,594	11,594	
$ (10,401,015)	$ 11,594	$ (10,389,421)	
			$ (158,739)
$ 6,958,663	$ -	$ 6,958,663	$ -
2,410,994	-	2,410,994	-
-	-	-	156,932
121	1,998	2,119	3,599
-	-	-	1,363
-	-	-	-
9,369,778	1,998	9,371,776	161,894
(1,031,237)	13,592	(1,017,645)	3,155
9,119,235	8,389,027	17,508,262	464,888
$ 8,087,998	$ 8,402,619	$ 16,490,617	$ 468,043

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	General	Capital Project Sales Tax Funds	Other Funds	Total Governmental Funds
Assets				
Cash and Cash Investments	$ 311,610	$ 1,661,780	$ 274,767	$ 2,248,157
Restricted Cash - Unspent bond proceeds	-	1,484,748	-	1,484,748
Receivables (net where applicable of allowance for doubtful accounts)				
Ad Valorem Taxes	968,962	-	-	968,962
Other Taxes	-	220,229	-	220,229
Other	82,442	-	85,043	167,485
Due from other governments	-	-	1,403	1,403
Inventory	-	-	1,200	1,200
Prepaid Items	-	-	12,935	12,935
Total Assets	$ 1,363,014	$ 3,366,757	$ 375,348	$ 5,105,119
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$ 129,747	$ 17,398	$ 41,813	$ 188,958
Deferred Inflows of Resources				
Unavailable revenues	733,002	-	-	733,002
Total Liabilities and Deferred Inflows of Resources	862,749	17,398	41,813	921,960
Fund Balances				
Nonspendable:				
Prepaid Items	-	-	12,935	12,935
Restricted for:				
Construction and capital outlay	-	3,349,359	-	3,349,359
Judicial	-	-	13,886	13,886
Public Safety	-	-	306,711	306,711
Sanitation	-	-	3	3
Unassigned	500,265	-	-	500,265
Total Fund Balance	500,265	3,349,359	333,535	4,183,159
Total Liabilties, Deferred Inflows of Resources and Fund Balances	$ 1,363,014	$ 3,366,757	$ 375,348	$ 5,105,119

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
December 31, 2014

Total Governmental Fund Balances		$ 4,183,159
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		6,629,761
Unavailable revenue from taxes not collected within 60 days after the end of the fiscal year.		733,002
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Due within one year	$ (562,912)	
Due after one year	(2,895,012)	
		(3,457,924)
Net Position of Governmental Activities		$ 8,087,998

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	General Fund	Capital Project Sales Tax Funds	Other Funds	Total Governmental Funds
Revenues				
Taxes				
Ad Valorem	$ 7,095,194	$ -	$ -	$ 7,095,194
Sales Taxes	-	2,410,994	-	2,410,994
Charges for Services	583,708	-	534,687	1,118,395
Licenses and Permits	18,800	-	-	18,800
Investment Income	-	2,217	121	2,338
Fines and Forfeitures	505,414	-	100,100	605,514
Miscellaneous	137,604	25,819	58,856	222,279
Intergovernmental	251,370	769,923	166,005	1,187,298
Total Revenues	8,592,090	3,208,953	859,769	12,660,812
Expenditures				
Current				
General Government	1,338,526	-	-	1,338,526
Public Safety	3,745,430	-	818,865	4,564,295
Public Works	52,096	3,220,521	-	3,272,617
Sanitation	634,300	-	166,005	800,305
Cultural and Recreational	621,953	-	-	621,953
Court System	1,323,976	-	12,207	1,336,183
Health and Welfare	281,904	-	-	281,904
Intergovernmental payments	-	1,005,769	-	1,005,769
Capital Outlay	-	-	-	-
Total Expenditures	7,998,185	4,226,290	997,077	13,221,552
Excess (Deficiency) of Revenues Over Expenditures	593,905	(1,017,337)	(137,308)	(560,740)
Other Financing Sources (Uses)				
Proceeds from capital lease	-	86,338	-	86,338
Proceeds from loan	27,861	-	-	27,861
Transfers (Out)/In	(400,540)	206,243	194,297	-
Total Other Financing Sources (Uses)	(372,679)	292,581	194,297	114,199
Net Changes in Fund Balance	221,226	(724,756)	56,989	(446,541)
Fund Balances - Beginning	279,039	4,074,115	276,546	4,629,700
Fund Balances - End of Year	$ 500,265	$ 3,349,359	$ 333,535	$ 4,183,159

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

Net Changes in Fund Balances - Total Governmental Funds	$ (446,541)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital recorded in the current period net of disposals.	1,257,212
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net positon, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(1,633,209)
The issuance of long-term debt (e.g. bonds) provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net of these differences in the treatment of long-term debt and related items.	(72,168)
Some revenues will not be collected for several months after the County's fiscal year end, they are not considered "available" revenues in the governmental funds.	(136,531)
Changes In Net Position of Governmental Activities	$ (1,031,237)

See accompanying notes to basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

CHATTOOGA COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	$ 6,247,782	$ 7,100,000	$ 7,095,194	$ (4,806)
Intergovernmental	203,712	250,000	251,370	1,370
Charges for Services	572,300	580,000	583,708	3,708
Licenses and Permits	15,800	18,000	18,800	800
Fines and Forfeitures	581,000	505,000	505,414	414
Miscellaneous	20,000	138,000	137,604	(396)
Total Revenues	7,640,594	8,591,000	8,592,090	1,090
Expenditures				
General Government	1,226,521	1,336,858	1,338,526	(1,668)
Public Safety	3,422,852	3,744,215	3,745,430	(1,215)
Health and Welfare	360,940	282,032	281,904	128
Sanitation	560,912	634,300	634,300	-
Culture and Recreation	524,749	621,050	621,953	(903)
Court System	1,348,501	1,327,600	1,323,976	3,624
Public Works	45,450	52,000	52,096	(96)
Total Expenditures	7,489,925	7,998,055	7,998,185	(130)
Deficiency of Revenues over Expenditures	150,669	592,945	593,905	960
Other Financing Sources (Uses)				
Transfers Out	-	(400,540)	(400,540)	-
Proceeds from loan	-	27,861	27,861	-
Total Other Financing Sources (Uses)	-	(372,679)	(372,679)	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	150,669	220,266	221,226	960
Fund Balances - Beginning	279,039	279,039	279,039	-
Fund Balances - End of Year	$ 429,708	$ 499,305	$ 500,265	$ 960

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
BALANCE SHEET
PROPRIETARY FUND
December 31, 2014

	Water Fund
Assets	
Current Assets	
Cash and Cash Investments	$ 228,582
Receivables (Net Where Applicable of Allowance for Doubtful Accounts)	
Accounts	161,762
Inventories	41,856
Prepaid Expenses	1,634
Total Current Assets	433,834
Current Assets - Restricted	
Cash and Cash Investments	391,698
Noncurrent Assets	
Capital Assets	
Land	56,899
Buildings	145,810
Equipment	850,404
Infrastructure	19,651,325
Accumulated Depreciation	(3,600,930)
Total Capital Assets Net of Accumulated Depreciation	17,103,508
Total Noncurrent Assets	17,103,508
Total Assets	$ 17,929,040

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
BALANCE SHEET
PROPRIETARY FUND
December 31, 2014

	Water Fund
Liabilities	
Current Liabilities	
Accounts Payable	$ 16,893
Deposits	190,768
Bonds and Notes Payable	256,794
Accrued Interest	5,880
Total Current Liabilities	470,335
Noncurrent Liabilities	
Bonds and Notes Payable	9,056,086
Total Liabilities	9,526,421
Fund Equity	
Net investment in capital assets	7,790,628
Restricted for Debt Service	165,050
Unrestricted	446,941
Total Fund Equity	8,402,619
Total Liabilities and Fund Equity	$ 17,929,040

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2014

	Water Fund
Operating Revenues	
Charges for Services	$ 1,004,444
Total Operating Revenues	1,004,444
Operating Expenses	
Personal Services	343,035
Supplies	271,056
Contractual Services	45,928
Depreciation	485,109
Total Operating Expenses	1,145,128
Operating Income (Loss)	(140,684)
Nonoperating Revenues (Expenses)	
Investment Income	1,998
Interest Expense	(300,157)
Grant and Donation Revenue	7,279
Total Nonoperating Revenues (Expenses)	(290,880)
Income (Loss) before other revenues	(431,564)
Capital contributions	445,156
Increase in Net Position	13,592
Net Position - Beginning of Year	8,389,027
Net Position - End of Year	$ 8,402,619

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2014

	Water Fund
Cash Flows from Operating Activities	
Cash received from customers	$ 995,403
Cash payments to suppliers for goods and services	(316,674)
Cash payments to employees for services	(343,035)
Net Cash Provided (Used) by Operating Activities	335,694
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(213,856)
Reduction of Bond Debt Principal - Net	(253,175)
Interest Paid on Bonds and Notes	(301,977)
Grant Revenue	7,279
Intergovernment donations	445,156
Net Cash Provided (Used) by Capital and Related Financing Activites	(316,573)
Cash Flows from Investing Activities	
Interest on Cash and Cash Investments	1,998
Increase in Cash and Cash Investments	21,119
Cash and Cash Investments - Beginning of Year	599,161
Cash and Cash Investments - End of Year	$ 620,280

See accompanying notes to the basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2014

	Water Fund
Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities	
Operating Income (Loss)	$ (140,684)
Depreciation	485,109
Change in operating assets and liabilities:	
(Increase) in Accounts Receivable	(13,387)
Increase in Accounts Payable	4
Decrease in Prepaid Expense	2
Decrease in Inventory	304
Increase in Deposits	4,346
Net Cash Provided (Used) by Operating Activities	$ 335,694
Reconciliation of Total Cash and Cash Investments:	
Current Assets - Cash and Cash Investments	$ 228,582
Restricted Assets - Cash and Cash Investments	391,698
Total Cash and Cash Investments	$ 620,280

See accompanying notes to the basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2014

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 621,419
Receivables	
Taxes	872,286
Total Assets	$ 1,493,705
LIABILITIES	
Accounts Payable	$ 256,277
Due to Other Governments	1,237,428
Total Liabilities	$ 1,493,705

See accompanying notes to basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

1. Summary of Significant Accounting Policies

A. General Statement

The accounting and reporting policies of Chattooga County, Georgia relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the County has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. During 2003, the County implemented the new financial reporting requirements of GASB Statement Nos. 33 and 34, with the exception of the area dealing with infrastructure assets of the Governmental Activities Fund, which was implemented in the 2005 year. The more significant accounting policies of the County are described below.

B. Financial Reporting Entity

Chattooga County, Georgia (the primary government) operates under a Single Commissioner form of government and provides the following services: public safety, highway and streets, sanitation, health and social services, culture-recreation, and general administrative services.

The County's basic financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Based on the aforementioned criteria the Industrial Development Authority, Hospital Authority, Board of Education, Library, and Department of Family and Children's Services did not meet the criteria for inclusion in these financial statements. The State of Georgia has concluded that the Department of Health should be included as a discretely presented component unit of the primary government.

1. Summary of Significant Accounting Policies - continued

C. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the County. The effect of interfund activity, within the governmental and business-type activities columns have 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 fiduciary funds of the government are not included in the government-wide financial statement.

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

Fund Financial Statements

The County segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The County has presented the following major governmental funds:

General Fund -

General Fund is the main operating fund of the County. The fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Projects Fund - Sales Tax

The Sales Tax Fund is used to account for funds received and expended for the construction and renovation of roads and bridges and special projects financed through Special Purpose Sales Tax revenue.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The County has presented the following major proprietary fund:

1. Summary of Significant Accounting Policies - continued

Fund Financial Statements – continued

Water Fund -

The Water Fund is used to account for the provision of water services to the residents of the County. Activities of the fund include administration, operations, and maintenance of the water system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water debt. All costs are financed through charges to utility customers with rates reviewed and adjusted if necessary to ensure integrity of the funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund (Not included in Government-wide statements)

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and other governmental units.

Agency Funds -

Agency funds account for assets held by the County in a purely custodial capacity. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The agency funds are as follows:

Tax Commissioner - Collects and remits taxes collected for other governments and the County. The portion collected for the County is included in the County's General Fund.

Clerk of Court - Collects and remits fines and forfeitures authorized by the Courts for other governments, individuals, entities, and the County. The portion collected for the County is included in the County's General Fund.

Probate Court - Collects charges for various licenses and death certificates issued to the citizens of the County and remits them to other government agencies and the County. The portion collected for the County is included in the County's General Fund.

Magistrate Court - Collects fines and forfeitures authorized by the Court and remits them to other governments, individuals, entities, and the County. The portion collected for the County is included in the County's General Fund.

1. **Summary of Significant Accounting Policies - continued**

Fund Financial Statements – continued

Major and Non-major Funds

The funds are further classified as major or non-major as follows:

Major Funds (See above for descriptions)

Fund	Description
Capital Projects Fund - Sales Tax	
Proprietary Fund - Water	

Non-major Funds:

Special Revenue Funds	Used for accounting for revenues and expenditures of contracts and special projects.

D. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Measurement Focus

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services, which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

1. **Summary of Significant Accounting Policies - continued**

D. **Measurement Focus and Basis of Accounting – continued**

Basis of Accounting

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 "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. 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 agency 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.

Proprietary fund types utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Unbilled water funds utility service receivables are accrued at year-end by prorating actual subsequent billings.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The **discretely presented component unit (County Health Department)** uses the accrual basis of accounting for government-wide financial statements. At the fund reporting level, governmental funds use the modified accrual basis of accounting. The account group records acquisition cost of all capital assets owned by the Health Department as of the reporting period. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The fiscal year used by the component unit ends June 30. The fiscal year ended June 30, 2014 is included in these financial statements. Copies of the audited financial statements can be obtained at 60 Farrar Drive, Summerville, Georgia, 30747.

1. **Summary of Significant Accounting Policies - continued**

E. Budgetary Control

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Prior to October 1, the department heads submit to the County Commissioner a proposed operating budget for the year commencing the following January 1. The operating budget identifies the proposed expenditures for each department.

b. After receipt of the department operating budgets, the Commissioner develops the County's budget. The County's budget includes proposed expenditures and the means of financing them.

c. The budget is published in the local newspaper two weeks prior to a public hearing.

d. Public hearing is conducted to obtain taxpayer comments.

e. The budget is formally adopted after the public hearing.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Capital Projects Funds, and Special Revenue Funds. Formal budgets are also adopted for the Water District. Budgets for the General, Capital Projects, and Special Revenue Funds are adopted on the modified accrual (or GAAP) basis.

Budgeted amounts are as originally adopted, or as amended, by the Commissioner. Individual amendments were not material in relation to the original appropriations, which were amended. Unencumbered appropriations lapse at year-end.

The County does not employ encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

There were no material supplementary appropriations made during the year.

The actual results of operations as compared with the budget are presented in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis).

F. Cash and Cash Equivalents

Cash and cash equivalents, as authorized by statutes, include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County, stated at cost. The County has no custodial or foreign risk policy other than the requirement that deposits should be in federally insured depositories.

1. **Summary of Significant Accounting Policies – continued**

G. Inventory

Enterprise Fund inventory consists of supplies and is stated at the lower of cost or market using the FIFO (first-in, first-out) method.

H. Prepaid Items

Prepaid balances are for payments made by the County in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

I. Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

J. Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds as follows:

FUNDS		Amount	
General Fund to Sales Tax Fund	$	206,243	(For Operations)
General Fund to E-911 Emergency	$	194,297	(For Operations)

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment. See Note 1-N for the deferral method of reporting infrastructure assets (roads, bridges, etc.) for the governmental activities fund.

Assets capitalized, not including infrastructure assets, have an original cost of $1,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of $5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Improvements	20 - 50 Years
Water and Sewer System	30 - 50 Years
Infrastructure	20 - 40 Years
Machinery and Equipment	5 - 10 Years

1. **Summary of Significant Accounting Policies - continued**

L. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

National Council on Governmental Accounting Statement 4, "Accounting and Financial Reporting Principles for claims and Judgments and Compensated Absences," concludes that vacation and sick pay costs (and other employee benefit amounts) should be accrued. All material amounts of employee benefits including compensated absences have been paid during the year negating any requirement for accruals.

M. Fund Equity

At the governmental fund financial reporting level, fund equity is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. Amounts are classified as nonspendable, restricted, committed, assigned, or unassigned. The nonspendable fund balance includes amounts that are not available to fund expenditures such as inventories and prepaid amounts. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource provider, or through enabling legislation. The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Commissioner). Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purpose for which amounts have been restricted, committed, or assigned.

Net Position - Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition construction or improvements of those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining balance of net position is reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. In governmental funds, the County's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Deferred Outflows/Inflows of Resources –

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The County does not have any items that qualify for reporting in this category.

1. **Summary of Significant Accounting Policies - continued**

M. Fund Equity – continued

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County reports one of these items. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

N. Implementation of New Accounting Principles

The County elected to utilize the infrastructure transition option in the implementation of GASB Statement No. 34 (GASB 34), "Basis Financial Statements – Management's Discussion and Analysis – for State and Local Governments" and in fiscal year 2003 began capitalizing major infrastructure networks completed during the year. The County implemented infrastructure assets already in place at January 1, 2003 in 2005. In the absence of actual cost information, the County used a weighted average age calculation for estimating the historical cost of these infrastructure networks.

2. **Cash and Cash Equivalents**

Deposits consist of cash and short-term certificates of deposit and money market accounts. The county's policy and state statutes require all deposits be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2014, all of the County's deposits were insured or collateralized. The County has no foreign risk or interest rate risk policies.

3. **Property Tax**

Property taxes attach as an enforceable lien on property 30 days after the due date. Property taxes are billed on or about October 20 of each year and are payable in sixty days. The property taxes for 2014 were levied on September 1, 2014, billed on October 20, 2014 with a due date of December 1, 2014. Liens can be attached on January 20, 2015.

The County bills and collects its own taxes and collects various taxes for the Chattooga County Board of Education, the City of Summerville, Town of Trion, City of Menlo, Town of Lyerly, and the State of Georgia. Collection of the taxes for the County and the other government agencies is the responsibility of the Tax Commissioner's office, which is accounted for in the Agency Fund. County property tax revenues are recognized when levied to the extent that they result in current receivables in accordance with Interpretation #3 issued by the National Council on Government Accounting. Current receivables include those property tax receivables expected to be collected within sixty days after year-end.

3. **Property Taxes - continued**

The following is a summary of the estimated amount of property, and utility taxes for all governments collectible at December 31, 2014:

TAX YEAR	TOTAL UNCOLLECTED	RESERVE FOR UNCOLLECTIBLE	ESTIMATED COLLECTIBLE
2014	$ 842,918	$ 187,173	$ 655,745
2013	164,695	24,225	140,470
2012	49,520	7,876	41,644
2011	43,229	6,839	36,390
2010	33,993	5,229	28,764
2009	22,089	3,410	18,679
2008	22,309	3,436	18,873
2007	21,448	3,206	18,242
2006	11,932	1,777	10,155
Total	$ 1,212,133	$ 243,171	$ 968,962

4. **Restricted Assets**

Restricted assets represent monies and other assets, which are restricted for use by legal or contractual requirements, amounts used in prior years for operating expenditures out of customer deposits, and amounts, deposited into the reserve account from unrestricted assets as required by the bond ordinances (Note 8).

Restricted assets were composed of the following at December 31, 2014:

Proprietary Funds:		
Cash:		
Sinking Account	$ 101,785	
Renewal and Extension	99,145	
Customer Deposit	190,768	
Total		$ 391,698

5. **Contingent Liabilities and Landfill Closure**

Legal proceedings and possible claims are pending or may be asserted in the future against the County. The County's insurance carrier is defending the proceedings where coverage is afforded. At this time, neither the County nor the County's legal counsel can estimate the outcome of the cases. However, they consider the likelihood of negative consequences to be minimal.

The County closed its only sanitation landfill in 1992 and the closure was completed in 1999. After closure, the site is required by state law to be monitored for a minimum of 25 years at an expected cost of $25,000 per year. The estimated balance for future costs is $500,000 over 20 years. The estimated remaining cost of closure and yearly cost of landfill monitoring is based on current effective rates. Future closure and monitoring costs are to be paid from revenues derived from the 1% special local option sales tax. The actual cost of closure and future monitoring is subject to change due to changes in inflation, technology, or applicable landfill laws and regulations. The County presently contracts with an independent company to transport its waste to another site operated by another municipality.

6. Capital Assets

Capital assets acquired prior to January 1, 1986 are shown at the fair market value as determined by the County Tax Assessors. Assets acquired after January 1, 1986 are recorded at cost.

A summary of changes in Capital Assets is as follows:

Governmental Activities:

	Balance January 1	Additions	Retirements	Balance December 31
Capital Assets not being Depreciated:				
Land	$ 436,747	$ -	$ -	$ 436,747
Total	436,747	-	-	436,747
Capital Assets being Depreciated:				
Buildings	3,792,809	425,040	-	4,217,849
Equipment	5,405,725	315,584	-	5,721,309
Infrastructure	48,561,153	516,588	-	49,077,741
Total	57,759,687	1,257,212	-	59,016,899
Less Accumulated Depreciation:				
Buildings	1,528,503	88,069	-	1,616,572
Equipment	4,540,069	326,655	-	4,866,724
Infrastructure	45,122,104	1,218,485	-	46,340,589
Total	51,190,676	1,633,209	-	52,823,885
Total Capital Assets being Depreciated, Net	6,569,011	(375,997)	-	6,193,014
Total Governmental Activities, Capital Assets, Net	$ 7,005,758	$ (375,997)	$ -	$ 6,629,761

Business-type Activities:	Balance January 1	Additions	Retirements	Balance December 31
Capital Assets not being Depreciated:				
Land	$ 56,899	$ -	$ -	$ 56,899
Total	56,899	-	-	56,899
Capital Assets being Depreciated:				
Buildings	145,810	-	-	145,810
Equipment	850,404	-	-	850,404
Infrastructure	19,437,469	213,856	-	19,651,325
Total	20,433,683	213,856	-	20,647,539
Less Accumulated Depreciation:				
Buildings	71,929	5,257	-	77,186
Equipment	426,501	88,073	-	514,574
Infrastructure	2,617,391	391,779	-	3,009,170
Total	3,115,821	485,109	-	3,600,930
Total Capital Assets being Depreciated, Net	17,317,862	(271,253)	-	17,046,609
Total Business-type Activities Capital Assets, Net	$ 17,374,761	$ (271,253)	$ -	$ 7,103,508

6. Capital Assets - continued

Depreciation for the year by functions was as follows:

General Government	$ 50,556	
Public Safety	214,760	
Courts	487	
Roads and Bridges	1,338,616	
Health and Welfare	9,948	
Sanitation	18,842	
Total Government Activities		$ 1,633,209
Total Business-Type Activities - Water		485,109
Total Depreciation		$ 2,118,318

7. Leases

The County has entered into lease transactions for equipment. The leases payable are capitalized and included in the liabilities.

Following is a schedule of changes in capital lease agreements:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease payable with interest at 4.9%, payable monthly at $3,278 secured by vehicles	$ 12,980	$ -	$ 12,980	$ -	$ -
Lease payable with interest at 3.84%, payable annually at $27,498 secured by equipment	122,776	-	22,715	100,061	23,600
Lease payable with interest at 5.45%, payable monthly at $1,648 secured by equipment	-	86,338	6,336	80,002	15,804
Total	$ 135,756	$ 86,338	$ 42,031	$180,063	$ 39,404

7. **Leases – continued**

The annual requirements to amortize the above leases over the five-year period succeeding December 31, 2014, including interest payments, is as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL PAYMENT
2015	$ 39,404	$ 7,867	$ 47,271
2016	41,207	6,065	47,272
2017	43,095	4,177	47,272
2018	45,072	2,200	47,272
2019	11,286	205	11,491
TOTAL	$ 180,064	$ 20,514	$ 200,578

The assets acquired through capital leases are as follows:

Governmental Activities:	
Asset:	
Equipment	$ 285,439
Less Accumulated Depreciation	65,528
Net Book Value	$ 219,911

Current amortization expense of these assets is included with depreciation expense.

Future minimum lease payments together with the net present value of minimum lease payments at December 31, 2014 is as follows:

	AMOUNT
Minimum lease payments for capital lease	$ 200,578
Less amount representing interest at the County's incremental borrowing rate	20,514
Present value of minimum lease payments	$ 180,064

8. **Long Term Debt**

During the year ended December 31, 1997, Farmer's Home Administration requested the Water Districts refinance its outstanding water revenue bonds through a private lender. Accordingly, the Series 1970, 1979, and 1991 bonds were refinanced through the issuance of a Series 1997 Water and Sewerage Revenue Bond Issue. These bonds are due in varying installments through 7/1/2017 with interest at 5.6% and are secured by revenues derived from operations of the water system.

During 2008, the Water District received a loan from the Georgia Environmental Facilities Authority (GEFA) for $573,300 to finance the construction of a water expansion project in the Cloudland and the Gore-Subligna area. The loan is payable over 20 years at $2,388.75 monthly at zero interest beginning November 2009.

8. **Long Term Debt– continued**

On October 15, 2009, the County issued Chattooga County, Georgia Water System Revenue Bond, Series 2008B. The principal face amount is $4,921,000, with monthly payments of $21,554 including interest at 4.375% with the first payment due November 2010. This bond was issued for the purpose of refinancing the costs of the additions, extensions, and improvements to the existing water system of the County in the Gore/Subligna area. The bond was purchased by Rural Development, United States Department of Agriculture. This bond is secured by the revenues derived from operations of the water system.

In September 2011, the Water District received another GEFA loan in the amount of $1,303,258 to help fund the construction of additional water lines to the Cloudland area. Construction was completed in 2013. Monthly payments began January 2014 of $5,430 with zero percent interest.

During 2011, the Water District began construction on Phase 2 of the water expansion project in the east and south areas of the County. The county received a USDA loan in the amount of $2,801,000 to assist with this project. Interim financing was provided by United Community Bank at 3.9% and repaid in March 2012. Water System Revenue Bonds Series 2011B were issued on March 22, 2012 in the amount of $2,801,000 at 3.25% with repayment commencing April 2013 at an amount of $10,588 per month for 40 years.

On August 1, 2013, The County issued the Chattooga County, Georgia General Obligation Sales Tax Bonds, Series 2013 in the principal amount of $3,250,000. Bonds are due in varying installments through 3/1/20 with interest at 1.77% and are secured by a special local option sales tax. The first principal payment is 3/1/15. The bonds were issued to finance capital projects for the County and municipalities.

On November 25, 2014, The County issued a promissory note in the principal amount of $27,861 to finance equipment for the Sheriff's office. The note is payable in four semi-annual installments of $7,515 including interest at 6.2%.

	Balance 12/31/2013	Increase	Decrease	Balance 12/31/2014	Due Within One Year
Governmental Activities:					
Promissory Note	$ -	$ 27,861	$ -	$ 27,861	$ 13,508
Sales Tax Bonds Series 2013	3,250,000	-	-	3,250,000	510,000
Total Governmental Activities	$ 3,250,000	$ 27,861	$ -	$ 3,277,861	$ 523,508
Business-Type Activities:					
Revenue Bonds Series 1997	$ 275,000	$ -	$ 65,000	$ 210,000	$ 65,000
Revenue Bonds Series 2008B	4,761,710	-	54,959	4,706,751	57,380
GEFA Loan 2008	453,863	-	28,665	425,198	28,665
GEFA Loan 2011	1,303,258	-	65,163	1,238,095	65,163
Revenue Bonds Series 2011B	2,772,224	-	39,388	2,732,836	40,586
Total Business-Type Activities	$ 9,566,055	$ -	$ 253,175	$ 9,312,880	$ 256,794

8. Long Term Debt– continued

The 1997 series bond requires a monthly sinking account deposit of one-sixth the semi-annual bond payment and requires a reserve account to be maintained in an amount equal to the debt service requirement for the subsequent twelve-month period. Also required is a renewal and extension fund in an amount equal to ten percent of total system revenues for the preceding fiscal year.

The series 2008B requires a reserve account with monthly deposits beginning November 2010 of $2,155 to be made until the fund reaches an equivalent of 10% of the annual payments. As of December 31, 2014, this fund had been established at $25,865.

The annual requirements to amortize the long-term debt as of December 31, 2014, including interest payments, are as follows:

	REVENUE BONDS		SALES TAX BONDS		GEFA LOANS AND NOTE	
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2015	$ 162,967	$ 293,618	$ 510,000	$ 53,012	$ 107,336	$ 1,521
2016	171,717	286,087	520,000	43,896	108,181	671
2017	180,616	278,128	535,000	34,559	93,828	-
2018	109,669	270,995	550,000	24,957	93,828	-
2019	113,883	266,782	560,000	15,134	93,828	-
2020-2024	638,678	1,264,643	575,000	5,089	469,140	-
2025-2029	772,087	1,131,234	-	-	464,361	-
2030-2034	934,284	969,036	-	-	260,652	-
2035-2039	1,131,649	771,670	-	-	-	-
2040-2044	1,372,014	531,307	-	-	-	-
2045-2049	1,664,985	238,339	-	-	-	-
2050-2054	397,028	10,821	-	-	-	-
TOTAL	$ 7,649,577	$ 6,312,660	$ 3,250,000	$ 176,647	$ 1,691,154	$ 2,192

9. Reserve Per Bond Indentures

Amounts restricted for payment of bonds from restricted accounts as required by the bond indentures, less liabilities payable from the restricted accounts and not offset against capital assets, if any, have been reserved in fund equity in the amount of $165,050 for 2014 and $156,241 for 2013.

Advanced water deposits from customers are restricted for payment to customers when they leave the system. The restricted cash and the water deposit liability are equal.

10. Profit Sharing Plan

The Water District employees participated in a profit sharing plan through 2013. This plan was maintained by a private insurance carrier and complied with requirements under ERISA and U.S. Department of Labor. Benefits under the Plan were provided through insurance. The contributions to the Plan were $13,623 for 2013. Contributions to the Plan were allocated to employees based on salary. Employees were fully vested in the Plan after six years of service. The Water District made all contributions. During 2014, this plan was terminated and no contributions made.

11. Notes Payable

The County financed its operations for the first ten months of 2014 through the issuance of a line of credit obligation. The obligation was paid in December from property taxes collected. The total amount borrowed and paid for 2014 was $2,500,000.

12. Risk Management/Self-Insurance Fund

The County is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases insurance coverage from GIRMA to cover its risk of loss for all areas except workers' compensation claims. For workers' compensation coverage, the County participates in the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, and for other general insurance, the County participates in the Interlock Risk Management Agency risk pool, public entity risk pools currently operating as a common risk management and insurance program for member local governments.

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

The funds are to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation laws 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.

Payments are made into these funds based on actuarial estimates needed to pay prior and current year claims. Insurance premiums are assessed the County to cover liabilities and property damages. There were no unpaid claims at the end of the current year, which would require accrual on the balance sheet. Also, settlement amounts have not exceeded coverage's in any of the last three years for either fund.

13. Joint Venture

Under Georgia law, the County, in conjunction with other cities and counties in the Northwest area, is Member of the Northwest Georgia Regional Commission (NWGRC). Membership in NWGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the NWGRC. Membership in the NWGRC includes the chief elected official of each county and municipality of the area. OCGA Section 50-8-39.1 provides that the member governments are liable for obligations of the NWGRC. During the year, the County paid $25,725 in dues to the NWGRC. The financial requirements of the County related to the NWGRC are limited to the amount of its annual dues. Separate financial statements may be obtained from the NWGRC, Jackson Hill, Rome, GA 30161.

14. Interfund Receivable/Payables

All interfund receivables and payables have been eliminated in the financial statements. There were no interfund receivables and payables between the governmental funds and the proprietary funds at December 31, 2014.

15. Retirement Benefits

The following pension and retirement plans are in effect but are not under the direct control of the County:

Probate Judges' Retirement Fund of Georgia - The Probate Judge is covered under a Pension plan which requires that certain sums from marriage licenses and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

Clerk of Superior Court Retirement Fund - The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

Sheriff's Retirement Fund/Peace Officer's Annuity and Benefit Fund - The Sheriff and sheriff deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

The County sponsors a defined contribution plan, which is administered by Principal Financial Group. This plan covers substantially all of the County's employees in its various departments. Employer contributions are not required but when made are based on a percentage of covered payroll as determined by the County Commissioner. Covered employees may elect to make voluntary contributions as well. Authority for the Plan is found in the minutes of the Commissioner. The contribution rate used for 2014 was 3% of covered payroll.

A defined contribution retirement plan is also sponsored by the County whereby the employee elects to contribute to the Plan. The county does not participate in this Plan. Each employee determines the amount to be paid into the Plan (up to the amount allowed by law) through payroll withholdings. All amounts contributed are 100% vested with the employee. The following information is provided for the year ended December 31, 2014:

	Employer/Employee Plan	Employee Plan
Employer Contributions	$ -	$ -
Employee Contributions	-	20,273
Covered Payroll	2,718,807	N/A
Total Payroll	4,539,649	4,539,649
Investment Expenses Paid	9,827	-

16. Post Employment Benefits

On January 1, 2014, the county adopted a resolution to provide health insurance benefits for certain employees upon their retirement. The benefit applies to any employee, included elected officials, who retire with 35 years of service. The retiree can continue their health insurance benefits with the county continuing the employer portion of the benefit until the retiree becomes eligible for Medicare. Currently there is one employee receiving this benefit.

17. Deficits of Fund Balances/Net Assets

There were no deficits in fund balances or net assets at December 31, 2014.

Combining Financial Statements

Non-Major Governmental Funds

CHATTOOGA COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2014

	Special Revenue			
	Drug Confiscation Fund	Jail Improvement Fund	DATE Fund	E-911 Emergency Fund
Assets				
Cash and Cash Investments	$ 5,920	$ 144,145	$ 48,140	$ 13,367
Accounts Receivable - Other	-	-	-	85,043
Due from other governments	-	1,034	369	-
Prepaid Expenses	-	-	-	12,935
Inventory	-	-	-	-
Total Assets	$ 5,920	$ 145,179	$ 48,509	$ 111,345
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$ -	$ -	$ -	$ 14,063
Total Liabilities	-	-	-	14,063
Fund Balances				
Nonspendable	-	-	-	12,935
Restricted for:				
Public Safety	5,920	145,179	48,509	84,347
Sanitation	-	-	-	-
Judicial	-	-	-	-
Total Fund Balances	5,920	145,179	48,509	97,282
Total Liabilities and Fund Balances	$ 5,920	$ 145,179	$ 48,509	$ 111,345

CHATTOOGA COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2014

	Special Revenue			
	Housing Prisoners Fund	Law Library Fund	CDBG Sewer Fund	Total Other Governmental Funds
	$ 48,867	$ 14,325	$ 3	$ 274,767
	-	-	-	85,043
	-	-	-	1,403
	-	-	-	12,935
	1,200	-	-	1,200
	$ 50,067	$ 14,325	$ 3	$ 375,348
	$ 27,311	$ 439	$ -	$ 41,813
	27,311	439	-	41,813
	-	-	-	12,935
	22,756	-	-	306,711
	-	-	3	3
	-	13,886	-	13,886
	22,756	13,886	3	333,535
	$ 50,067	$ 14,325	$ 3	$ 375,348

CHATTOOGA COUNTY, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	Special Revenue			
	Drug Confiscation Fund	Jail Improvement Fund	DATE Fund	E-911 Emergency Fund
Revenues				
Investment Income	$ -	$ 121	$ -	$ -
Fines and Forfeiture	-	37,700	49,909	-
Intergovernmental Revenue	-	-	-	-
Miscellaneous	1,494	-	-	534,687
Total Revenues	1,494	37,821	49,909	534,687
Expenditures				
Current				
Public Safety	3,459	-	56,780	706,650
Sanitation	-	-	-	-
Courts	-	-	-	-
Total Expenditures	3,459	-	56,780	706,650
Excess (Deficiency) of Revenues over Expenditures	(1,965)	37,821	(6,871)	(171,963)
Other Financing Sources (Uses)				
Transfers In	-	-	-	194,297
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	194,297
Net Changes in Fund Balance	(1,965)	37,821	(6,871)	22,334
Fund Balances - Beginning of Year	7,885	107,358	55,380	74,948
Fund Balances - End of Year	$ 5,920	$ 145,179	$ 48,509	$ 97,282

CHATTOOGA COUNTY, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2014

Special Revenue			
Housing Prisoners Fund	Law Library Fund	CDBG Sewer Fund	Total Other Governmental Funds
$ -	$ -	$ -	$ 121
-	12,491	-	100,100
-	-	166,005	166,005
57,362	-	-	593,543
57,362	12,491	166,005	859,769
51,976	-	-	818,865
-	-	166,005	166,005
-	12,207	-	12,207
51,976	12,207	166,005	997,077
5,386	284	-	(137,308)
-	-	-	194,297
-	-	-	-
-	-	-	194,297
5,386	284	-	56,989
17,370	13,602	3	276,546
$ 22,756	$ 13,886	$ 3	$ 333,535

THIS PAGE INTENTIONALLY LEFT BLANK

Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual

Special Revenue Funds

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - DRUG CONFISCATION ACCOUNT
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and forfeitures	$ 4,100	$ 1,500	$ 1,494	$ (6)
Total Revenues	4,100	1,500	1,494	(6)
Expenditures				
Public Safety - Sheriff				
Crime Prevention	-	3,000	2,723	277
Capital Outlay	2,000	500	736	(236)
Total Expenditures	2,000	3,500	3,459	41
Net Change in Fund Balance	2,100	(2,000)	(1,965)	35
Fund Balance - Beginning of Year	7,885	7,885	7,885	-
Fund Balance - End of Year	$ 9,985	$ 5,885	$ 5,920	$ 35

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - JAIL IMPROVEMENT FUND
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Interest income	$ -	$ -	$ 121	$ 121
Fines and Forfeitures	37,100	38,000	37,700	(300)
Total Revenues	37,100	38,000	37,821	(179)
Expenditures				
Public Safety - Sheriff				
Jail Maintenance	12,000	-	-	-
Total Expenditures	12,000	-	-	-
Net Change in Fund Balance	25,100	38,000	37,821	(179)
Fund Balance - Beginning of Year	107,358	107,358	107,358	-
Fund Balance - End of Year	$ 132,458	$ 145,358	$ 145,179	$ (179)

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - DATE FUND
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and Forfeitures	$ 40,000	$ 50,000	$ 49,909	$ (91)
Total Revenues	40,000	50,000	49,909	(91)
Expenditures				
Public Safety - Sheriff				
Crime Prevention	10,000	57,000	56,780	220
Total Expenditures	10,000	57,000	56,780	220
Net Change in Fund Balance	30,000	(7,000)	(6,871)	129
Fund Balance - Beginning of Year	55,380	55,380	55,380	-
Fund Balance - End of Year	$ 85,380	$ 48,380	$ 48,509	$ 129

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - E911 EMERGENCY FUND
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Miscellaneous				
911 Fees	$ 550,000	$ 535,000	$ 534,687	$ (313)
Total Revenues	550,000	535,000	534,687	(313)
Expenditures				
Public Safety - E911				
Salaries	343,000	390,000	390,089	(89)
Benefits	101,550	98,000	98,358	(358)
Insurance	11,300	10,000	10,086	(86)
Supplies	4,400	6,000	6,014	(14)
Maintenance - Buildings & Equipment	25,200	41,000	40,694	306
Telephone	45,000	72,000	71,794	206
Training and Travel	3,200	4,300	4,267	33
Computer Expense	30,500	33,000	32,919	81
Utilities	15,850	24,000	23,660	340
Uniform and Laundry	-	400	388	12
Capital Outlay	-	28,000	28,381	(381)
Total Expenditures	580,000	706,700	706,650	50
Excess of Revenues Over Expenditures	(30,000)	(171,700)	(171,963)	(263)
Other Financing Sources (Uses)				
Transfers - In	-	194,297	194,297	-
Total Other Financing Sources (Uses)	-	194,297	194,297	-
Net Change in Fund Balance	(30,000)	22,597	22,334	(263)
Fund Balance - Beginning of Year	74,948	74,948	74,948	-
Fund Balance - End of Year	$ 44,948	$ 97,545	$ 97,282	$ (263)

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - HOUSING PRISONERS
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental				
Other Funds	$ -	$ 57,400	$ 57,362	$ (38)
Total Revenues	-	57,400	57,362	(38)
Expenditures				
Public Safety				
Supplies	-	52,400	51,976	424
Capital Outlay	-	5,000	-	5,000
Total Expenditures	-	57,400	51,976	5,424
Excess of Revenues Over Expenditures	-	-	5,386	5,386
Other Financing Sources (Uses)				
Transfers - Out	-	-	-	-
Net Change in Fund Balance	-	-	5,386	5,386
Fund Balance - Beginning of Year	-	17,370	17,370	-
Fund Balance - End of Year	$ -	$ 17,370	$ 22,756	$ 5,386

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - LAW LIBRARY
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and forfeitures	$ 12,000	$ 12,000	$ 12,491	$ 491
Interest Income	-	-	-	-
Total Revenues	12,000	12,000	12,491	491
Expenditures				
Court System	19,600	19,600	12,207	7,393
Total Expenditures	19,600	19,600	12,207	7,393
Net Change in Fund Balance	(7,600)	(7,600)	284	7,884
Fund Balance - Beginning of Year	13,602	13,602	13,602	-
Fund Balance - End of Year	$ 6,002	$ 6,002	$ 13,886	$ 7,884

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - CDBG
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental Revenue	$ -	$ 166,000	$ 166,005	$ 5
	-	-	-	-
Total Revenues	-	166,000	166,005	5
Expenditures				
Sanitation	-	166,000	166,005	(5)
Total Expenditures	-	166,000	166,005	(5)
Excess of Revenues Over Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers-In	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	3	-
Fund Balance - End of Year	$ -	$ -	$ 3	$ -

Supplementary Individual Fund Financial Schedules

General Fund

The supplementary schedules are included to provide management additional information for financial analysis.

CHATTOOGA COUNTY, GEORGIA
COMPARATIVE BALANCE SHEET
GENERAL FUND
December 31, 2014
(with comparative totals for 2013)

	2014	2013
Assets		
Cash	$ 311,610	$ 220,851
Accounts Receivable	82,442	46,912
Taxes Receivable	968,962	1,161,043
Total Assets	$ 1,363,014	$ 1,428,806
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	$ 129,747	$ 280,234
Deferred Inflows of Resources		
Unavailable Revenues	733,002	869,533
Total Liabilities and Deferred Inflows of Resources	862,749	1,149,767
Fund Balance		
Unassigned	500,265	279,039
Total Fund Balance	500,265	279,039
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,363,014	$ 1,428,806

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2014
(with comparative totals for 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Taxes	$ 6,247,782	$ 7,100,000	$ 7,095,194	$ (4,806)	$ 6,784,806
Licenses and Permits	15,800	18,000	18,800	800	19,175
Fines and Forfeitures	581,000	505,000	505,414	414	479,887
Intergovernmental	203,712	250,000	251,370	1,370	138,244
Charges for Services	572,300	580,000	583,708	3,708	564,276
Miscellaneous	20,000	138,000	137,604	(396)	122,958
Total Revenues	7,640,594	8,591,000	8,592,090	1,090	8,109,346
Expenditures					
Current					
General Government	1,226,521	1,336,858	1,338,526	(1,668)	1,329,997
Public Safety	3,316,447	3,744,215	3,745,430	(1,215)	3,446,990
Court System	1,454,906	1,327,600	1,323,976	3,624	1,280,277
Roads and Bridges	45,450	52,000	52,096	(96)	50,872
Health and Welfare	360,940	282,032	281,904	128	356,905
Culture and Recreation	524,749	621,050	621,953	(903)	1,084,871
Sanitation	560,912	634,300	634,300	-	675,611
Total Expenditures	7,489,925	7,998,055	7,998,185	(130)	8,225,523
Excess (Deficiency) of Revenues Over Expenditures	150,669	592,945	593,905	960	(116,177)
Other Financing Sources (Uses)					
Transfers Out	-	(400,540)	(400,540)	-	(216,711)
Transfers In	-	-	-	-	-
Proceeds from loan	-	27,861	27,861	-	-
Total Other Financing Sources (Uses)	-	(372,679)	(372,679)	-	(216,711)
Net Change in Fund Balance	150,669	220,266	221,226	960	(332,888)
Fund Balances - Beginning	279,039	279,039	279,039	-	611,927
Fund Balanced - End of Year	$ 429,708	$ 499,305	$ 500,265	$ 960	$ 279,039

CHATTOOGA COUNTY GEORGIA
SCHEDULE OF EXPENDITURES BY DEPARTMENTS
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2014

(with comparative totals for 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
General Government					
Commissioner's Office	$ 396,924	$ 443,174	$ 443,109	$ 65	$ 461,030
Buildings and Grounds	121,863	137,825	137,629	196	129,527
Registrar	47,578	46,175	47,648	(1,473)	40,805
Code Enforcement	42,684	42,684	42,959	(275)	42,148
Tax Assessors	307,569	305,000	304,579	421	285,033
Tax Commissioner	309,903	362,000	362,602	(602)	371,454
Total General Government	1,226,521	1,336,858	1,338,526	(1,668)	1,329,997
Public Safety					
Sheriff					
General	1,555,724	1,765,000	1,764,551	449	1,696,600
Jail	1,333,083	1,532,000	1,532,095	(95)	1,317,356
Emergency Services	-	30,500	30,532	(32)	7,993
Community Oriented Police	86,410	86,410	87,671	(1,261)	78,584
Total Sheriff	2,975,217	3,413,910	3,414,849	(939)	3,100,533
Animal Control	126,430	110,000	110,085	(85)	139,233
Fire Departments	290,000	125,000	125,206	(206)	151,568
Civil Defense	6,400	5,000	5,188	(188)	5,930
Coroner	22,305	22,305	22,088	217	26,459
Local Emergency Planning	2,500	68,000	68,014	(14)	23,267
Total Public Safety	3,422,852	3,744,215	3,745,430	(1,215)	3,446,990
Courts					
Clerk of Courts	332,933	290,000	288,608	1,392	344,144
Probate Court	272,694	265,000	263,452	1,548	219,324
Magistrate Court	171,520	172,000	171,541	459	168,165
Juvenile Court	79,338	97,000	97,343	(343)	84,413
Superior Court	93,694	107,000	106,877	123	66,681
State Court	179,484	159,000	158,806	194	179,925
Court Reporter and Public Defender	96,500	113,000	113,263	(263)	93,009
District Attorney	116,738	119,000	118,729	271	119,475
Probation Office	5,600	5,600	5,357	243	5,141
Total Courts	1,348,501	1,327,600	1,323,976	3,624	1,280,277
Roads and Bridges (Work Camp)	45,450	52,000	52,096	(96)	50,872
Health and Welfare					
Board of Health	159,632	159,632	159,776	(144)	160,937
Public Welfare	99,320	25,000	24,830	170	99,320
County Agent	61,288	74,000	74,167	(167)	64,359
Crisis Centers	39,200	23,000	22,731	269	31,489
Indigent Care	1,500	400	400	-	800
Total Health and Welfare	360,940	282,032	281,904	128	356,905
Culture and Recreation					
Public Library	81,500	81,550	82,278	(728)	86,200
Public Transportation	135,000	124,000	123,547	453	142,912
Senior and Civic Center	88,249	84,000	84,418	(418)	95,071
Economic Development	80,000	123,000	123,018	(18)	102,405
Paradise Gardens	-	80,000	80,000	-	461,338
Capital Outlay - Agricultural Center	-	23,000	23,192	(192)	41,445
Recreation	140,000	105,500	105,500	-	155,500
Total Culture and Recreation	524,749	621,050	621,953	(903)	1,084,871
Sanitation					
Solid Waste and Water Project	560,912	634,300	634,300	-	675,611
Total Sanitation	560,912	634,300	634,300	-	675,611
Total Expenditures	$ 7,489,925	$ 7,998,055	$ 7,998,185	$ (130)	$ 8,225,523

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2014

(with comparative totals for 2013)

	2014	2013
EXPENDITURES		
General Government -		
Commissioner's Office -		
Salaries - Commissioner	$ 102,538	$ 101,714
Salaries - Others	121,548	116,045
Benefits	43,204	45,037
Attorney	32,334	15,252
Auditors	24,500	36,000
Dues	3,303	4,594
Insurance	38,362	58,595
Office Expense	39,852	40,010
Telephone	2,387	2,658
Training and Travel	2,441	-
Interest Expense	32,640	41,125
Capital Outlay	-	-
Total Commissioner's Office	443,109	461,030
Building and Grounds -		
Salaries	27,860	26,994
Benefits	8,094	8,323
Insurance	582	612
Supplies	4,918	4,716
Maintenance	15,723	15,344
Utilities	76,627	73,538
Capital Outlay	3,825	-
Total Buildings and Grounds	137,629	129,527
Registrar -		
Salaries	36,391	27,692
Benefits	2,797	3,852
Insurance	2,536	2,572
Maintenance	-	250
Office Expense	2,306	2,777
Telephone	214	281
Training and Travel	847	1,406
Utilities	2,557	1,975
Capital Outlay	-	-
Total Registrar	47,648	40,805
Subtotal Carried Forward	628,386	631,362

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2014

(with comparative totals for 2013)

	2014	2013
Subtotal Brought Forward	$ 628,386	$ 631,362
EXPENDITURES - continued		
General Government - continued		
Code Enforcement -		
Salaries	31,232	29,313
Benefits	8,382	8,548
Insurance	1,269	1,612
Office Expense	208	892
Telephone	728	693
Training and Travel	1,140	1,090
Total Code Enforcement	42,959	42,148
Tax Assessors -		
Salaries - Arbitrators	11,148	12,744
Salaries - Other	182,624	160,551
Benefits	55,147	53,634
Dues	401	840
Insurance	7,982	8,472
Legal	5,033	4,166
Office Expense	27,936	26,894
Telephone	1,131	1,050
Training and Travel	9,247	11,015
Capital Outlay	3,930	5,667
Total Tax Assessors	304,579	285,033
Tax Commissioner -		
Salaries - Tax Commissioner	62,856	62,856
Salaries - Others	134,750	133,961
Benefits	58,428	60,066
Auditors and Attorneys	35,016	26,512
Insurance	3,701	3,797
Office Expense	56,725	68,403
Telephone	915	1,247
Training and Travel	2,183	4,339
Capital Outlay	8,028	10,273
Total Tax Commissioner	362,602	371,454
Total General Government	**1,338,526**	**1,329,997**

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2014

(with comparative totals for 2013)

	2014	2013
EXPENDITURES - continued		
Public Safety -		
Sheriff - General		
Salaries - Sheriff	$ 66,990	$ 66,990
Salaries - Others	1,017,235	968,794
Benefits	264,610	285,489
Auditors and Attorneys	11,592	24,560
Dues	3,224	3,284
Insurance	79,777	110,960
Supplies	90,063	28,823
Repairs and maintenance	11,234	5,286
Telephone	6,801	7,173
Training and Travel	3,884	8,221
Capital Outlay	56,759	67,115
Vehicle Expense	143,368	112,245
Uniforms	9,014	7,660
Total Sheriff - General	1,764,551	1,696,600
Community Oriented Police -	87,671	78,584
Emergency Services -	30,532	7,993
Jail -		
Salaries	467,350	469,621
Benefits	116,181	134,316
Insurance	14,617	14,821
Supplies	42,478	40,031
Buildings and Grounds	69,572	55,393
Telephone	3,595	4,200
Training and Travel	923	278
Meals and Housing	651,758	413,591
Medical	156,632	180,940
Uniforms and Laundry	1,904	3,525
Capital Outlay	7,085	640
Total Jail	1,532,095	1,317,356
Total Sheriff	3,414,849	3,100,533
Animal Control -	110,085	139,233
Fire -	125,206	151,568
Civil Defense -	5,188	5,930
Subtotal Carried Forward	3,655,328	3,397,264

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2014

(with comparative totals for 2013)

	2014	2013
Subtotal Brought Forward	$ 3,655,328	$ 3,397,264
EXPENDITURES - continued		
Public Safety - continued		
Coroner -		
Salaries	5,217	7,439
Benefits	10,199	10,583
Training	1,254	1,310
Supplies	5,418	7,127
Total Coroner	22,088	26,459
Local Emergency Planning	68,014	23,267
Total Public Safety	**3,745,430**	**3,446,990**
Courts -		
Clerk of Courts -		
Salaries - Clerk	65,171	94,306
Salaries - Others	120,133	138,160
Salaries - Arbitrators	9,559	5,800
Benefits	52,298	64,331
Auditors and Attorneys	8,182	3,649
Insurance	3,701	3,797
Office Expense	27,007	29,980
Telephone	1,291	1,206
Training and Travel	538	1,838
Capital Outlay	728	1,077
Total Clerk of Courts	288,608	344,144
Probate Court -		
Salaries - Judge	97,655	98,010
Salaries - Others	78,444	61,263
Benefits	31,248	30,972
Auditors and Attorneys	4,920	1,721
Insurance	2,273	2,327
Office Expense	7,404	8,457
Telephone	2,212	2,834
Training and Travel	1,984	2,136
Election Expense	34,443	7,199
Capital Outlay	2,869	4,405
Total Probate Court	263,452	219,324
Subtotal Carried Forward	552,060	563,468

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2014

(with comparative totals for 2013)

	2014	2013
Subtotal Brought Forward	$ 552,060	$ 563,468
EXPENDITURES - continued		
Courts - continued		
Juvenile Court -		
Salaries	52,000	52,200
Benefits	13,430	13,844
Office Expense	5,651	5,577
Court Appointed Attorneys	21,700	8,800
Court Reporters	4,562	3,992
Total Juvenile Court	97,343	84,413
Magistrate's Office -		
Salaries	128,765	129,238
Benefits	28,625	27,759
Auditors and Attorneys	2,325	1,723
Supplies	3,755	1,592
Insurance	2,834	2,817
Telephone	725	1,055
Training and Travel	1,652	1,381
Capital Outlay	2,860	2,600
Total Magistrate's Office	171,541	168,165
Superior Court -		
Salaries	12,467	12,694
Office Expense	1,833	1,622
Telephone	1,123	1,261
Court Reporters	24,017	14,734
Jurors	57,892	33,100
Witness Fees	4,745	450
Bailiffs	4,800	2,820
Total Superior Court	106,877	66,681
Subtotal Carried Forward	927,821	882,727

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2014

(with comparative totals for 2013)

	2014	2013
Subtotal Brought Forward	$ 927,821	$ 882,727
EXPENDITURES - continued		
Courts - continued		
State Court -		
Salaries	113,601	114,039
Benefits	28,161	30,175
Insurance	2,143	2,205
Office Expense	2,734	3,062
Telephone	252	321
Court Appointed Attorneys	6,973	14,942
Court Reporters	3,992	6,996
Jurors	900	7,560
Witness Fees	50	625
Capital Outlay	-	-
Total State Court	158,806	179,925
District Attorney -		
Prorate Expenses	116,738	116,738
Office Expense	1,991	2,737
Capital Outlay	-	-
Total District Attorney	118,729	119,475
Probation Office -	5,357	5,141
Court Reporter and Public Defender -		
Salaries	14,400	14,455
Benefits	1,102	1,102
Attorney Fees	97,761	77,452
Total Court Reporter and Public Defender	113,263	93,009
Total Courts	**1,323,976**	**1,280,277**
Roads and Bridges (Work Camp) -		
Salaries	-	2,919
Benefits	5,310	1,363
Gas, Oil, and Tires	6,730	8,759
Maintenance	6,007	5,072
Insurance	-	612
Supplies	15,629	14,756
Utilities	13,106	11,996
Telephone	5,314	5,395
Capital Outlay	-	-
Total Roads and Bridges	**52,096**	**50,872**

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2014

(with comparative totals for 2013)

	2014	2013
EXPENDITURES - continued		
Health and Welfare -		
Board of Health	$ 159,776	$ 160,937
Public Welfare	24,830	99,320
County Agent	74,167	64,359
Child Advocacy Center	6,312	7,937
Family Crisis Center	6,312	7,937
Other Agencies	10,107	15,615
Hospital and Medical Care	400	800
Total Health and Welfare	**281,904**	**356,905**
Culture and Recreation -		
Public Library	82,278	86,200
Public Transportation	123,547	142,912
Civic, Senior, and Multi-purpose Centers	84,418	95,071
Economic Development	123,018	102,405
Paradise Gardens	80,000	461,338
Capital Outlay - Agricultural Center	23,192	41,445
Recreation	105,500	155,500
Total Culture and Recreation	**621,953**	**1,084,871**
Sanitation -		
Solid Waste	268,641	280,683
Salaries	144,558	211,927
Benefits	41,463	37,225
Insurance	17,056	17,930
Supplies	11,195	18,705
Gas, Oil, and Repairs	138,191	100,619
Utilities	5,396	5,338
Contract labor	-	1,130
Armuchee Creek/Regal Spring	7,800	2,054
Capital Outlay	-	-
Total Sanitation	**634,300**	**675,611**
TOTAL EXPENDITURES	**$ 7,998,185**	**$ 8,225,523**

THIS PAGE INTENTIONALLY LEFT BLANK

Capital Project Fund

THIS PAGE INTENTIONALLY LEFT BLANK

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECT - SALES TAX FUND
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental				
State Government - Special Project Local Option Sales Tax (SPLOST)	$ 2,400,000	$ 2,411,000	$ 2,410,994	$ (6)
Intergovernmental Revenue	-	770,000	769,923	(77)
Interest Income	-	2,200	2,217	17
Miscellaneous Income	14,500	26,000	25,819	(181)
Total Revenues	2,414,500	3,209,200	3,208,953	(247)
Expenditures				
Roads and Bridges				
Personnel	475,000	530,000	530,001	(1)
Benefits	94,500	145,400	145,396	4
Insurance	33,000	36,000	35,888	112
Contractors	39,500	39,000	39,120	(120)
Professional fees	3,500	48,000	47,619	381
Capital Expenditures	406,000	1,859,000	1,859,095	(95)
Materials	199,200	204,000	204,067	(67)
Gas and Oil	180,000	189,000	188,843	157
Interest expense	-	59,000	59,123	(123)
Maintenance	42,500	111,000	111,369	(369)
Total Roads and Bridges	1,473,200	3,220,400	3,220,521	(121)
Sanitation				
Landfill and Equipment	25,000	-	-	-
Municipal Contracts	1,301,169	1,006,000	1,005,769	231
		-		
Total Expenditures	2,799,369	4,226,400	4,226,290	110
Excess of Revenues Over Expenditures	(384,869)	(1,017,200)	(1,017,337)	(137)
Other Financing Sources (Uses)				
Proceeds from capital lease	-	86,338	86,338	-
Transfers In(out)	-	206,243	206,243	-
Total Other Financing Sources (Uses)	-	292,581	292,581	585,162
Net Change in Fund Balance	(384,869)	(724,619)	(724,756)	585,025
Fund Balances - Beginning	4,074,115	4,074,115	4,074,115	-
Fund Balances - Ending	$ 3,689,246	$ 3,349,496	$ 3,349,359	$ 585,025

See accompanying notes to basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Proprietary Fund

CHATTOOGA COUNTY, GEORGIA
COMPARATIVE STATEMENTS OF NET POSITION
WATER REVENUE FUND
Year Ended December 31, 2014

(with comparative totals for 2013)

	2014	2013
Assets		
Current Assets		
Cash and Cash Investments	$ 228,582	$ 213,799
Accounts Receivable	161,762	148,375
Inventory	41,856	42,160
Prepaid Expenses	1,634	1,636
Total Current Assets	433,834	405,970
Current Assets - Restricted		
Cash and Cash Investments	391,698	385,362
Total Current Restricted Assets	391,698	385,362
Noncurrent Assets		
Capital Assets		
Land	56,899	56,899
Buildings	145,810	145,810
Infrastructure	19,651,325	19,437,469
Equipment	850,404	850,404
Accumulated Depreciation	(3,600,930)	(3,115,821)
Total Capital Assets, Net of Depreciation	17,103,508	17,374,761
Total Noncurrent Assets	17,103,508	17,374,761
Total Assets	$ 17,929,040	$ 18,166,093
Liabilities		
Current Liabilities		
Accounts Payable	$ 16,893	$ 16,889
Deposits	190,768	186,422
Bonds and Notes Payable	256,794	253,185
Accrued Interest	5,880	7,700
Total Current Liabilities	470,335	464,196
Noncurrent Liabilities		
Notes and Bonds Payable	9,056,086	9,312,870
Total Noncurrent Liabilities	9,056,086	9,312,870
Total Liabilities	9,526,421	9,777,066
Net Position		
Net investment in capital assets	7,790,628	7,808,706
Restricted for Debt Service	165,050	156,241
Unrestricted	446,941	424,080
Total Net Position	$ 8,402,619	$ 8,389,027

CHATTOOGA COUNTY, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
WATER REVENUE FUND
Year Ended December 31, 2014

(with comparative totals for 2013)

	2014	2013
Operating Revenues		
Charges for Services	$ 1,004,444	$ 991,451
Total Operating Revenues	1,004,444	991,451
Operating Expenses		
Personal Services	343,035	366,196
Supplies and Materials	271,056	271,464
Contractual Services	45,928	50,958
Depreciation	485,109	429,380
Total Operating Expenses	1,145,128	1,117,998
Income (Loss) from Operations	(140,684)	(126,547)
Nonoperating Revenues (Expenses)		
Interest Earned	1,998	2,145
Interest Expense	(300,157)	(284,964)
Grant and Donation Revenue	7,279	248,536
Total Nonoperating Revenue (Expenses)	(290,880)	(34,283)
Income (Loss) before other revenues	(431,564)	(160,830)
Capital Contributions	445,156	457,740
Increase in Net Position	13,592	296,910
Net Position - Beginning of Year	8,389,027	8,092,117
Net Position - End of Year	$ 8,402,619	$ 8,389,027

CHATTOOGA COUNTY, GEORGIA
COMPARATIVE STATEMENTS OF CASH FLOWS
WATER REVENUE FUND
Year Ended December 31, 2014

(with comparative totals for 2013)

	2014	2013
Cash Flows from Operating Activities		
Cash received from customers	$ 995,403	$ 981,146
Cash payments to supplies for goods and services	(316,674)	(320,436)
Cash payments to employees for services	(343,035)	(366,196)
Net Cash Provided (Used) by Operating Activities	335,694	294,514
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(213,856)	(529,564)
Reduction of Bond Debt Principal - Net	(253,175)	(170,101)
Interest Paid on Bonds and Notes	(301,977)	(286,644)
Loan proceeds	-	69,888
Grant Revenue	452,435	706,276
Net Cash Provided (Used) by Capital and Related Financing Activities	(316,573)	(210,145)
Cash Flows from Investing Activities		
Interest or Cash and Cash Investments	1,998	2,145
Increase (Decrease) in Cash and Cash Investments	21,119	86,514
Cash and Cash Investments - January 1	599,161	512,647
Cash and Cash Investments - December 31	$ 620,280	$ 599,161

CHATTOOGA COUNTY, GEORGIA
COMPARATIVE STATEMENTS OF CASH FLOWS
WATER REVENUE FUND
Year Ended December 31, 2014
(with comparative totals for 2013)

	2014	2013
Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities		
Income (Loss) from operations	$ (140,684)	$ (126,547)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities		
Depreciation	485,109	429,380
Change in assets and liabilities:		
(Increase) in Accounts Receivable	(13,387)	(13,840)
Increase in Accounts Payable	4	6,481
(Increase) Decrease in Prepaid Expense	2	(31)
(Increase) Decrease in Inventory	304	(4,464)
Increase in Deposits	4,346	3,535
Net Cash Provided (Used) by Operating Activities	$ 335,694	$ 294,514
Reconciliation of Total Cash and Cash Investments		
Current Assets - Cash and Cash Investments	$ 228,582	$ 213,799
Restricted Assets - Cash and Cash Investments	391,698	385,362
Total Cash and Cash Investments	$ 620,280	$ 599,161

THIS PAGE INTENTIONALLY LEFT BLANK

Agency Funds

CHATTOOGA COUNTY, GEORGIA
COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS
December 31, 2014

	Agency Funds				
	Tax Commissioner	Clerk of Courts	Probate Judge	Magistrate Court	Total
Assets					
Cash	$ 464,139	$ 126,907	$ 4,258	$ 26,115	$ 621,419
Taxes Receivable (Net of Allowance for Uncollectible)	872,286	-	-	-	872,286
Total Assets	$ 1,336,425	$ 126,907	$ 4,258	$ 26,115	$ 1,493,705
Liabilities					
Accounts Payable	$ 109,409	$ 121,271	$ 331	$ 25,266	$ 256,277
Due to Other Governments	1,227,016	5,636	3,927	849	1,237,428
Total Liabilities	$ 1,336,425	$ 126,907	$ 4,258	$ 26,115	$ 1,493,705

CHATTOOGA COUNTY, GEORGIA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended December 31, 2014

	Balance 1/1/2014	Additions	Deductions	Balance 12/31/2014
Tax Commissioner				
Assets				
Cash	$ 309,093	$ 14,574,289	$ 14,419,243	$ 464,139
Taxes Receivable (net of Allowances for Uncollectible)	1,117,678	872,286	1,117,678	872,286
Total	$ 1,426,771	$ 15,446,575	$ 15,536,921	$ 1,336,425
Liabilities				
Accounts Payable	$ 44,346	$ 109,409	$ 44,346	$ 109,409
Due to Other Funds	-	5,805,835	5,805,835	-
Due to Other Governments	1,382,425	9,531,331	9,686,740	1,227,016
Total	$ 1,426,771	$ 15,446,575	$ 15,536,921	$ 1,336,425
Clerk of Courts				
Assets				
Cash	$ 143,106	$ 876,302	$ 892,501	$ 126,907
Total	$ 143,106	$ 876,302	$ 892,501	$ 126,907
Liabilities				
Accounts Payable	$ 139,828	$ 89,666	$ 108,223	$ 121,271
Due to Other Funds	-	469,500	469,500	-
Due to Other Governments	3,278	317,136	314,778	5,636
Total	$ 143,106	$ 876,302	$ 892,501	$ 126,907
Probate Judge				
Assets				
Cash	$ 5,687	$ 115,975	$ 117,404	$ 4,258
Total	$ 5,687	$ 115,975	$ 117,404	$ 4,258
Liabilities				
Accounts Payable	$ 301	$ 1,757	$ 1,727	$ 331
Due to Other Funds	-	49,845	49,845	-
Due to Other Governments	5,386	64,373	65,832	3,927
Total	$ 5,687	$ 115,975	$ 117,404	$ 4,258
Magistrate Judge				
Assets				
Cash	$ 23,394	$ 156,604	$ 153,883	$ 26,115
Total	$ 23,394	$ 156,604	$ 153,883	$ 26,115
Liabilities				
Accounts Payable	$ 22,458	$ 81,771	$ 78,963	$ 25,266
Due to Other Funds	-	59,044	59,044	-
Due to Other Governments	936	15,789	15,876	849
Total	$ 23,394	$ 156,604	$ 153,883	$ 26,115
Total - All Agency Funds				
Assets				
Cash	$ 481,280	$ 15,723,170	$ 15,583,031	$ 621,419
Taxes Receivable (Net of Allowances for Uncollectible)	1,117,678	872,286	1,117,678	872,286
Total	$ 1,598,958	$ 16,595,456	$ 16,700,709	$ 1,493,705
Liabilities				
Accounts Payable	$ 206,933	$ 282,603	$ 233,259	$ 256,277
Due to Other Funds	-	6,384,224	6,384,224	-
Due to Other Governments	1,392,025	9,928,629	10,083,226	1,237,428
Total	$ 1,598,958	$ 16,595,456	$ 16,700,709	$ 1,493,705

THIS PAGE INTENTIONALLY LEFT BLANK

COMPONENT UNIT

In determining how to define government for financial reporting purposes, management has applied the criteria set forth in Statement of Governmental Accounting Standards No. 14 "The Financial Reporting Entity." As outlined in GASB Statement 14, the primary government is financially accountable for a component unit, and required to include the operations of the component unit in its financial statements, if it appoints a voting majority of the unit's governing body and if it has the ability to impose it's will on the component unit or if there is an affirmative potential financial benefit or burden.

The Industrial Development Authority, Hospital Authority, Board of Education, Library, and the Department of Family and Children's Services did not meet the criteria for inclusion in these financial statements. The State of Georgia has concluded that the Department of Health should be included as a discretely presented component unit of the primary government.

CHATTOOGA COUNTY HEALTH DEPARTMENT
PUBLIC HEALTH PROGRAM
BALANCE SHEET - GENERAL FUND
A COMPONENT UNIT OF CHATTOOGA COUNTY, GEORGIA
June 30, 2014

Assets		
Current Assets		
Cash	$	407,687
Accounts Receivable		10,142
Due from Other Governments		96,765
Inventory		1,710
Total Assets	$	516,304
Liabilities		
Current Liabilities		
Accounts Payable	$	419
Due to Other Governments		23,737
Total Liabilities		24,156
Fund Balance		
Nonspendable-inventory		1,710
Unassigned		490,438
Total Liabilities and Fund Balance	$	516,304

CHATTOOGA COUNTY HEALTH DEPARTMENT
PUBLIC HEALTH PROGRAM
RECONCILIATION OF TOTAL GENERAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
A COMPONENT UNIT OF CHATTOOGA COUNTY, GEORGIA
June 30, 2014

Total General Fund Balance	$ 492,148
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,783
Compensated absences liabilities are not due and payable in the current period and therefore are not reported in the fund level financial statements	(35,888)
Net Position of Governmental Activities	$ 468,043

CHATTOOGA COUNTY HEALTH DEPARTMENT
PUBLIC HEALTH PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND
A COMPONENT UNIT OF CHATTOOGA COUNTY, GEORGIA
Year Ended June 30, 2014

	General
Revenues	
Grant-in-aid	$ 268,019
County	156,932
Current Fees	104,439
Inter/Intra Agency	45,695
Contracts	39,730
Interest	3,599
Other State funds	67,449
Miscellaneous Revenue	1,363
Total Revenues	687,226
Expenditures	
Personnel Costs	548,497
Equipment	2,819
Inter/Intra Agency	79,301
Other Operating Expenses	56,151
Total Expenditures	686,768
Excess of Revenues Over (Under) Expenditures	458
Fund Balance - Beginning of Year	491,690
Fund Balance - End of Year	$ 492,148

CHATTOOGA COUNTY HEALTH DEPARTMENT
PUBLIC HEALTH PROGRAM
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GENERAL FUND TO STATEMENT OF ACTIVITIES
A COMPONENT UNIT OF CHATTOOGA COUNTY, GEORGIA
Year Ended June 30, 2014

Net Changes in Fund Balance - General Fund	$	458
In the Statement of Activities, the cost of capital assets is allocated over their useful lives as depreciation expense.		(2,358)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in government funds		5,055
Changes in Net Assets of Governmental Activities	$	3,155

CHATTOOGA COUNTY HEALTH DEPARTMENT
PUBLIC HEALTH PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
A COMPONENT UNIT OF CHATTOOGA COUNTY, GEORGIA
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Grant-in-aid	$ 263,748	$ 268,019	$ 268,019	$ -
County	156,932	156,932	156,932	-
Current Fees	99,768	116,533	104,439	(12,094)
Inter/Intra Agency	112,469	45,694	45,695	1
Contracts	39,729	39,729	39,730	1
Interest	3,355	3,355	3,599	244
Other State funds	40,214	67,450	67,449	(1)
Miscellaneous Revenue	11,075	-	1,363	1,363
Total Revenues	727,290	697,712	687,226	(10,486)
Expenditures				
Personnel Costs	605,298	548,497	548,497	-
Equipment	3,008	3,640	2,819	821
Inter/Intra Agency	58,003	79,022	79,301	(279)
Other Operating Expenses	60,981	66,553	56,151	10,402
Total Expenditures	727,290	697,712	686,768	10,944
Excess of Revenues Over (Under) Expenditures			458	
Fund Balance - Beginning of Year			491,690	
Fund Balance - End of Year			$ 492,148	

Federal and State Compliance

THIS PAGE INTENTIONALLY LEFT BLANK

CHRYSAN THOMAS
Certified Public Accountant
Professional Corporation
Member
American Institute of
Certified Public Accountants
Trion, Georgia

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

To the Honorable Commissioner
Chattooga County, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Chattooga County, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Chattooga County, Georgia's basic financial statements and have issued our report thereon dated October 16, 2015. Our report includes a reference to other auditors who audited the financial statements of the component unit, Chattooga County Health Department, as described in our report on Chattooga County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matter that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies described as 13-01 and 13-02.

P.O. Box 1066 Trion, Georgia 30753 (706)734-4377 chrysan@chrysanthomascpa.com

Compliance and Other Matters

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

Chattooga County, Georgia's Response to Findings

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

Purpose of this Report

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

Chrysan Thomas
CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
October 16, 2015

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2014

Financial Statement Findings

FS14-01 **Criteria:** Agency funds are used to account for resources held by the County, primarily the elected officials, in a purely custodial capacity, which means that all funds held are owed to other governments, organizations, or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements, and any residual funds that are held to be paid at a later date. Such listings should be reconciled to the respective cash balances maintained.

Condition: The bookkeeping function in the agency funds is being conducted without the use of general ledgers. We noted in the Clerk of Court, there was no complete detail listing that could be provided to support a portion of the balance to whom the amount of funds being held needed to be distributed to as of December 31, 2014. In these agency funds the controls are not in place to monitor that money collected is distributed.

Cause: This unknown amount is due to the lack of maintenance of proper subsidiary listings and tracking of receipts and disbursements. Neither were there procedures in place for routine reviews of the reconciling balances on a monthly or annual basis. Therefore, the agency funds were unaware the bookkeeping was not being properly done on a timely basis.

Effect: Accounting data could be misstated and amounts not disbursed timely.

Recommendation: We recommend general ledger be used by all agency funds and procedures be implemented to require reports be prepared and reconciled on a weekly, monthly, and annual basis. Reviews and monitoring of these procedures on a timely basis should also be implemented.

Response: We agree with the finding. We plan for all agency funds to start using general ledgers as soon as possible. We are working on reconciling the detail listing to the cash balances and implementing an accounting system that will proper review and monitor our procedures.

Financial Statement Findings - Continued

FS14-02 **Criteria:** Segregation of employee's duties is a common practice in an effective internal control structure. Policies should be in place requiring the segregation of certain duties. With regard to segregation of duties, critical duties can be categorized in four types of functions: 1) authorization; 2) custody; 3) record keeping; and 4) reconciliation. In a perfect system, no one person should handle more than one type of function.

When duties cannot be separated, compensating controls should be in place. Compensating controls is an internal control that is intended to reduce the risk of an existing or potential control weakness.

Condition: There is lack of appropriate segregation of duties and a lack of appropriate reviews and approvals of transactions in some offices of the County.

Cause: The limited number of employees involved in the various offices and the resulting overlapping of duties causes segregation of duties to be difficult.

Effect: Without the implementation of the above internal control functions there is an increased risk of the misappropriation of funds.

Recommendation: Procedures be implemented which would provide for improved internal controls in the above areas. It is also recommended these procedures be reviewed periodically on a continuous basis.

Response: We agree with the finding. We are implementing procedures to improve our accounting system as well as separating duties of our employees when possible.

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
December 31, 2014

Contracts 2008 - 2013	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Current Non-SPLOST Expenditures on SPLOST Projects
Roads and Bridges Projects						
County	$ 7,600,000	$ 7,550,714	$ 7,550,714	$ -	$ 7,550,714	$ -
Water System Improvements						
County	3,050,000	2,730,654	2,297,626	433,028	2,730,654	-
Summerville	3,050,000	2,728,457	2,725,890	2,567	2,728,457	-
Trion	1,300,000	1,029,531	884,114	145,417	1,029,531	-
Lyerly	300,000	267,959	267,895	64	267,959	-
Menlo	300,000	267,961	259,163	8,798	267,961	-
Total	$ 15,600,000	$ 14,575,276	$ 13,985,402	$ 589,874	$ 14,575,276	$ -

Note: Chattooga County, Georgia imposed a special purpose 1% local option sales and use tax with the proceeds limited to funding expenditures for specified water system improvements and roads and bridges projects. This is effective for a five year period from January 1, 2008 through December 31, 2013.

Contracts 2014 - 2019	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Current Non-SPLOST Expenditures on SPLOST Projects
Roads and Bridges Projects						
County	$ 6,310,200	$ 6,310,200	$ -	$ 1,554,576	$ 1,554,576	$ 706,963
Buildings						
County	1,716,000	1,716,000	-	471,986	471,986	-
Water System Improvements						
County	624,000	624,000	-	53,968	53,968	-
Summerville	4,290,000	4,290,000	-	540,676	540,676	-
Trion	1,638,000	1,638,000	-	181,294	181,294	-
Lyerly	592,800	592,800	-	72,975	72,975	-
Menlo	429,000	429,000	-	53,978	53,978	-
Total	$ 15,600,000	$ 15,600,000	$ -	$ 2,929,453	$ 2,929,453	$ 706,963

THIS PAGE INTENTIONALLY LEFT BLANK