CHATTOOGA COUNTY, GEORGIA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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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, 2015, 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 2 percent, (1.4) percent, and 5.5 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.

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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, 2015, 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 June 27, 2016 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
June 27, 2016

CHATTOOGA COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015

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, 2015. 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 $1.34 million as a result of this year's operations. The net assets of our business-type activities decreased by $212,587 while the assets of our governmental activities decreased by $1.13 million.
- During the year, the County had expenses that were $1.13 million more than the $11.7 million generated in tax and other revenues for total governmental programs.
- In the County's business-type activities, revenues decreased to $1.28 million and expenses slightly increased to $1.5 million.
- Total cost of all of the County's programs was $14.3 million, compared to $15 million for 2014, with no new programs added this year.
- The County's governmental activities reported a decrease in net assets this year of $1.13 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 $15.1 million at December 31, 2015.

The following table provides a summary of the County's governmental and business-type net position for the years 2015 and 2014.

Table 1

Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other Assets	$ 3,018,528	$ 5,105,119	$ 510,806	$ 825,532	$ 3,529,334	$ 5,930,651
Capital assets - net	7,461,771	6,629,761	16,955,229	17,103,508	24,417,000	23,733,269
Total Assets	10,480,299	11,734,880	17,466,035	17,929,040	27,946,334	29,663,920
Long-term debt Outstanding	2,351,753	2,895,012	8,790,530	9,056,086	11,142,283	11,951,098
Other liabilities	1,169,911	751,870	485,473	470,335	1,655,384	1,222,205
Total liabilities	3,521,664	3,646,882	9,276,003	9,526,421	12,797,667	13,173,303
Net Position:						
Net investment In Capital Assets	4,503,939	4,656,595	7,899,154	7,790,628	12,403,093	12,447,223
Restricted	1,679,713	2,185,211	164,389	165,050	1,844,102	2,350,261
Unrestricted	774,983	1,246,192	126,489	446,941	901,472	1,693,133
Total Net Position	$ 6,958,635	$ 8,087,998	$ 8,190,032	$ 8,402,619	$15,148,667	$16,490,617

For the year ended December 31, 2015, the County's net position decreased from 2014. 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 2015 and 2014. 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 $1,341,950 during 2015.

The following table indicates the changes in net assets for governmental and business-type activities during 2015 and 2014.

Table 2

Changes in Net Position

	Governmental Activities		Business Activities		Total Primary	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	$ 2,068,879	$ 1,942,376	$ 978,994	$ 1,004,444	$ 3,047,873	$ 2,946,820
Operating grants	168,197	1,015,105	-	-	168,197	1,015,105
Capital grants	214,478	197,022	300,548	452,435	515,026	649,457
General revenues						
Property taxes	7,075,590	6,958,663	-	-	7,075,590	6,958,663
Sales taxes	2,190,558	2,410,994	-	-	2,190,558	2,410,994
Other revenues	189	121	686	1,998	875	2,119
Total revenues	11,717,891	12,524,281	1,280,228	1,458,877	12,998,119	13,983,158
Program expenses						
General government	1,491,594	1,385,257	-	-	1,491,594	1,385,257
Public safety	5,097,496	4,721,524	-	-	5,097,496	4,721,524
Public works	2,910,175	3,373,346	-	-	2,910,175	3,373,346
Court system	1,422,783	1,336,670	-	-	1,422,783	1,336,670
Cultural & recreational	655,079	621,953	-	-	655,079	621,953
Sanitation	918,717	1,824,916	-	-	918,717	1,824,916
Health and welfare	340,081	291,852	-	-	340,081	291,852
Water and sewer	-	-	1,504,144	1,445,285	1,504,144	1,445,285
Total expenses	12,835,925	13,555,518	1,504,144	1,445,285	14,340,069	15,000,803
Excess (deficiency) before transfers and other items	(1,118,034)	(1,031,237)	(223,916)	13,592	(1,341,950)	(1,017,645)
Transfers-in (Out)	(11,329)	-	11,329	-	-	-
Increase (decrease) Change in net position	(1,129,363)	(1,031,237)	(212,587)	13,592	(1,341,950)	(1,017,645)
Net position - beginning	8,087,998	9,119,235	8,402,619	8,389,027	16,490,617	17,508,262
Net position - ending	$ 6,958,635	$ 8,087,998	$ 8,190,032	$ 8,402,619	$ 15,148,667	$ 16,490,617

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

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government	$ 1,491,594	$ 1,386,198	$ 1,385,257	$ 1,280,629
Sheriff and Jail, 911 and Fire	5,097,496	3,602,882	4,721,524	3,155,696
Public Works	2,857,264	2,810,577	3,373,346	2,575,387
Court System	1,422,783	1,422,783	1,336,670	1,336,670
Cultural and Recreation	655,079	430,071	621,953	453,011
Sanitation	918,717	338,868	1,824,916	1,307,770
Health and Welfare	340,081	340,081	291,852	291,852
Total	$ 12,835,925	$ 10,384,371	$ 13,555,518	$ 10,401,015

Business-type Activities

Revenues of the County's business-type activities (see Table 2) decreased by $178,650 for 2015 over 2014. Expenses increased by $58,860 for 2015 over 2014. A summary of activity follows in Table 4.

Table 4

	Water and Sewer	
	2015	**2014**
Revenues:		
Charges for Services	$ 978,994	$ 1,004,444
Other Revenues	301,234	454,433
Total Revenues	1,280,228	1,458,877
Expenses:		
Operating Expenses Other than Depreciation	730,490	660,019
Depreciation	481,876	485,109
Interest Expense	291,778	300,157
Total Expenses	1,504,144	1,445,285
Transfers In	11,329	-
Net Income	$ (212,587)	$ 13,592

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 $2 million compared to $4.2 million for 2014.

The County received $2.2 million in SPLOST revenue for various projects of the Cities and County. The amounts paid to the Cities were as follows:

Summerville	**$ 661,083**	**Menlo**	**$ 66,090**
Trion	**$ 396,438**	**Lyerly**	**$ 91,293**

The Cities receive payments from the County government as reimbursement for operations of the fire departments. The amount provided in 2015 and 2014 was $96,000.

In addition, the County government made reimbursement payments to the Cities to assist in providing recreation. The amount provided was $106,500 in 2015 and $105,500 in 2014.

There were no significant variations in budget revenues. The General Fund actual charges (expenditure) were $13,223 under the final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2015, 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 $57.4 million in accumulation depreciation.

Table 5

Capital Assets at Year-End

(Net of Depreciation)

	2015			2014
	Governmental Activities	Business-type Activities	Primary Government Total	Primary Government Total
Land and CIP	$ 436,747	$ 76,228	$ 512,975	$ 493,646
Buildings	2,871,010	63,367	2,934,377	2,669,901
Equipment	873,142	260,511	1,394,164	1,190,415
Infrastructure	3,280,872	16,555,123	19,835,995	19,379,307
Total	$ 7,461,771	$ 16,955,229	$ 24,417,000	$ 23,733,269

Debt

At December 31, 2015, the County had $12.8 million in bonds, loans and long-term leases payable as presented in Table 6 below.

Table 6

	Outstanding Debt at December 31, 2015			2014
	Governmental Activities	Business Type Activities	Primary Government Total	Primary Government Total
Revenue Bonds (secured by specific fee revenues of the water system)	$ -	$ 7,486,610	$ 7,486,610	$ 7,649,587
Revenue Bonds (secured Sales tax proceeds)	2,740,000	-	2,740,000	3,250,000
GEFA Loans (secured by water system)	-	1,569,465	1,569,465	1,663,293
Promissory Note (secured by equipment)	14,353	-	14,353	27,861
Lease payable (secured by equipment)	140,659	-	140,659	180,063
Total	$ 2,895,012	$ 9,056,075	$ 11,951,087	$ 12,770,804

Details of capital assets and debt are disclosed in Notes 6 through 10 of the Notes to the Financial Statements.

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. The County population has been stable and the economic environment has stabilized resulting in lower unemployment rates both in the county and region. 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 2016 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

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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

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CHATTOOGA COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Investments	$ 1,627,052	$ 132,295	$ 1,759,347	$ 445,404
Receivables (Net of Allowance for Doubtful Accounts)				
Ad Valorem Taxes	902,983	-	902,983	-
Other Taxes	189,826	-	189,826	-
Accounts	169,047	171,714	340,761	153
Due from Other Governments	1,908	-	1,908	93,103
Internal Balances	39,769	(39,769)	-	-
Inventories	250	37,432	37,682	910
Prepaid Items	4,345	5,685	10,030	-
Restricted Assets				
Cash and Cash Investments	83,348	203,449	286,797	-
Capital Assets:				
Work in Process	-	19,329	19,329	-
Land	436,747	56,899	493,646	-
Buildings	4,587,820	145,810	4,733,630	-
Equipment	6,038,623	852,244	6,890,867	9,425
Infrastructure	49,706,935	19,961,355	69,668,290	-
Accumulated Depreciation	(53,308,354)	(4,080,408)	(57,388,762)	-
Total Assets	10,480,299	17,466,035	27,946,334	548,995
Deferred Outflows of Resources	-	-	-	73,583
Liabilities				
Accounts Payable	460,467	20,613	481,080	172
Due to Other Governments	103,365	-	103,365	25,168
Deposits	-	195,255	195,255	-
Current Portion of Long-term Debt	606,079	265,545	871,624	-
Accrued Interest	-	4,060	4,060	-
Non-Current Liabilities				
Capital Lease	99,452	-	99,452	-
Notes Payable	32,301	-	32,301	-
Bonds Payable	2,220,000	8,790,530	11,010,530	-
Net pension liability	-	-	-	561,993
Compensated absences	-	-	-	30,412
Total Liabilities	3,521,664	9,276,003	12,797,667	617,745
Deferred Inflows of Resources	-	-	-	218,660
Net Position				
Net investment in Capital Assets	4,503,939	7,899,154	12,403,093	9,425
Restricted for				
Debt Service	-	164,389	164,389	-
Capital projects	1,309,740	-	1,309,740	-
Special Programs	369,973	-	369,973	-
Unrestricted	774,983	126,489	901,472	(223,252)
Total Net Position	$ 6,958,635	$ 8,190,032	$ 15,148,667	$ (213,827)

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General Government	$ 1,491,594	$ 59,966	$ 45,430	$ -
Public Safety	5,097,496	1,432,965	61,649	-
Public Works	2,857,264	45,637	-	1,050
Court System	1,422,783	-	-	-
Cultural and Recreational	655,079	163,890	61,118	-
Sanitation	918,717	366,421	-	213,428
Health and Welfare	340,081	-	-	-
Interest Expense	52,911	-	-	-
Total Governmental Activities	12,835,925	2,068,879	168,197	214,478
Business-Type Activities				
Water and Sewer District	1,504,144	978,994	-	300,548
Total Business-Type Activities	1,504,144	978,994	-	300,548
Total Government	$ 14,340,069	$ 3,047,873	$ 168,197	$ 515,026
Component Unit				
Health and Welfare	$ 594,326	$ 168,912	$ 379,271	$ -
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, as Restated				
Net Position at End of Year				

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

Net (Expenses) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit
$ (1,386,198)	$ -	$ (1,386,198)	
(3,602,882)	-	(3,602,882)	
(2,810,577)	-	(2,810,577)	
(1,422,783)	-	(1,422,783)	
(430,071)	-	(430,071)	
(338,868)	-	(338,868)	
(340,081)	-	(340,081)	
(52,911)	-	(52,911)	
(10,384,371)	-	(10,384,371)	
-	(224,602)	(224,602)	
-	(224,602)	(224,602)	
$ (10,384,371)	$ (224,602)	$ (10,608,973)	
			$ (46,143)
$ 7,075,590	$ -	$ 7,075,590	$ -
2,190,558	-	2,190,558	-
-	-	-	156,932
189	686	875	3,586
-	-	-	1,021
(11,329)	11,329	-	-
9,255,008	12,015	9,267,023	161,539
(1,129,363)	(212,587)	(1,341,950)	115,396
8,087,998	8,402,619	16,490,617	(329,223)
$ 6,958,635	$ 8,190,032	$ 15,148,667	$ (213,827)

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015

	General	Capital Project Sales Tax Funds	Other Funds	Total Governmental Funds
Assets				
Cash and Cash Investments	$ 83,727	$ 1,184,732	$ 358,593	$ 1,627,052
Restricted Cash - Unspent bond proceeds	-	83,348	-	83,348
Receivables (net where applicable of allowance for doubtful accounts)				
Ad Valorem Taxes	902,983	-	-	902,983
Other Taxes	-	189,826	-	189,826
Other	102,225	-	66,822	169,047
Due from other funds	39,769	-	-	39,769
Due from other governments	-	-	1,908	1,908
Inventory	-	-	250	250
Prepaid Items	-	-	4,345	4,345
Total Assets	$ 1,128,704	$ 1,457,906	$ 431,918	$ 3,018,528
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$ 358,066	$ 44,801	$ 57,600	$ 460,467
Due to other governments	-	103,365	-	103,365
Deferred Inflows of Resources				
Unavailable revenues	501,837	-	-	501,837
Total Liabilities and Deferred Inflows of Resources	859,903	148,166	57,600	1,065,669
Fund Balances				
Nonspendable:				
Prepaid Items	-	-	4,345	4,345
Restricted for:				
Construction and capital outlay	-	1,309,740	-	1,309,740
Judicial	-	-	13,052	13,052
Public Safety	-	-	310,038	310,038
Culture and Recreation	-	-	46,880	46,880
Sanitation	-	-	3	3
Unassigned	268,801	-	-	268,801
Total Fund Balance	268,801	1,309,740	374,318	1,952,859
Total Liabilties, Deferred Inflows of Resources and Fund Balances	$ 1,128,704	$ 1,457,906	$ 431,918	$ 3,018,528

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
December 31, 2015

Total Governmental Fund Balances		$ 1,952,859
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.		7,461,771
Unavailable revenue from taxes not collected within 60 days after the end of the fiscal year.		501,837
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	$ (606,079)	
Due after one year	(2,351,753)	
		(2,957,832)
Net Position of Governmental Activities		$ 6,958,635

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, 2015

	General Fund	Capital Project Sales Tax Funds	Other Funds	Total Governmental Funds
Revenues				
Taxes				
Ad Valorem	$ 7,306,755	$ -	$ -	$ 7,306,755
Sales Taxes	-	2,190,558	-	2,190,558
Charges for Services	514,013	-	529,418	1,043,431
Licenses and Permits	20,600	-	-	20,600
Investment Income	-	1,050	189	1,239
Fines and Forfeitures	551,278	-	102,019	653,297
Miscellaneous	38,464	45,637	192,621	276,722
Intergovernmental	207,146	-	249,308	456,454
Total Revenues	8,638,256	2,237,245	1,073,555	11,949,056
Expenditures				
Current				
General Government	1,427,180	-	-	1,427,180
Public Safety	4,188,966	-	868,297	5,057,263
Public Works	35,148	2,249,914	-	2,285,062
Sanitation	654,289	-	247,274	901,563
Cultural and Recreational	691,958	-	88,121	780,079
Court System	1,409,114	-	13,503	1,422,617
Health and Welfare	330,133	-	-	330,133
Debt Service				
Principal	-	510,000	-	510,000
Interest	-	52,911	-	52,911
Intergovernmental payments	-	1,214,904	-	1,214,904
Capital Outlay	-	249,135	-	249,135
Total Expenditures	8,736,788	4,276,864	1,217,195	14,230,847
Excess (Deficiency) of Revenues Over Expenditures	(98,532)	(2,039,619)	(143,640)	(2,281,791)
Other Financing Sources (Uses)				
Proceeds from loan	62,820	-	-	62,820
Transfers (Out)/In	(195,752)	-	184,423	(11,329)
Total Other Financing Sources (Uses)	(132,932)	-	184,423	51,491
Net Changes in Fund Balance	(231,464)	(2,039,619)	40,783	(2,230,300)
Fund Balances - Beginning	500,265	3,349,359	333,535	4,183,159
Fund Balances - End of Year	$ 268,801	$ 1,309,740	$ 374,318	$ 1,952,859

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, 2015

Net Changes in Fund Balances - Total Governmental Funds	$ (2,230,300)
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.	1,337,479
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.	(505,469)
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.	500,092
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.	(231,165)
Changes In Net Position of Governmental Activities	$ (1,129,363)

See accompanying notes to basic financial statements.

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CHATTOOGA COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	$ 5,972,782	$ 7,320,000	$ 7,306,755	$ (13,245)
Intergovernmental	201,712	210,000	207,146	(2,854)
Charges for Services	572,300	510,000	514,013	4,013
Licenses and Permits	15,800	20,000	20,600	600
Fines and Forfeitures	581,000	550,000	551,278	1,278
Miscellaneous	22,000	40,000	38,464	(1,536)
Total Revenues	7,365,594	8,650,000	8,638,256	(11,744)
Expenditures				
General Government	1,181,521	1,432,000	1,427,180	4,820
Public Safety	3,363,852	4,190,500	4,188,966	1,534
Health and Welfare	355,940	331,200	330,133	1,067
Sanitation	531,912	655,000	654,289	711
Culture and Recreation	524,749	694,111	691,958	2,153
Court System	1,302,262	1,412,000	1,409,114	2,886
Public Works	45,450	35,200	35,148	52
Total Expenditures	7,305,686	8,750,011	8,736,788	13,223
Excess (Deficiency) of Revenues over Expenditures	59,908	(100,011)	(98,532)	1,479
Other Financing Sources (Uses)				
Transfers Out	-	(196,000)	(195,752)	248
Proceeds from loan	-	63,000	62,820	(180)
Total Other Financing Sources (Uses)	-	(133,000)	(132,932)	68
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	59,908	(233,011)	(231,464)	1,547
Fund Balances - Beginning	500,265	500,265	500,265	-
Fund Balances - End of Year	$ 560,173	$ 267,254	$ 268,801	$ 1,547

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
BALANCE SHEET
PROPRIETARY FUND
December 31, 2015

	Water Fund
Assets	
Current Assets	
Cash and Cash Investments	$ 132,295
Receivables (Net Where Applicable of Allowance for Doubtful Accounts)	
Accounts	171,714
Inventories	37,432
Prepaid Expenses	5,685
Total Current Assets	347,126
Current Assets - Restricted	
Cash and Cash Investments	203,449
Noncurrent Assets	
Capital Assets	
Work in Process	19,329
Land	56,899
Buildings	145,810
Equipment	852,244
Infrastructure	19,961,355
Accumulated Depreciation	(4,080,408)
Total Capital Assets Net of Accumulated Depreciation	16,955,229
Total Noncurrent Assets	16,955,229
Total Assets	$ 17,505,804

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
BALANCE SHEET
PROPRIETARY FUND
December 31, 2015

	Water Fund
Liabilities	
Current Liabilities	
Accounts Payable	$ 20,613
Deposits	195,255
Due to general fund	39,769
Bonds and notes payable	265,545
Accrued Interest	4,060
Total Current Liabilities	525,242
Noncurrent Liabilities	
Bonds and notes payable	8,790,530
Total Liabilities	9,315,772
Fund Equity	
Net investment in capital assets	7,899,154
Restricted for Debt Service	164,389
Unrestricted	126,489
Total Fund Equity	8,190,032
Total Liabilities and Fund Equity	$ 17,505,804

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, 2015

	Water Fund
Operating Revenues	
Charges for Services	$ 978,994
Total Operating Revenues	978,994
Operating Expenses	
Personal Services	342,370
Supplies	324,223
Contractual Services	63,897
Depreciation	481,876
Total Operating Expenses	1,212,366
Operating Income (Loss)	(233,372)
Nonoperating Revenues (Expenses)	
Investment Income	686
Interest Expense	(291,778)
Grant and Donation Revenue	155,624
Total Nonoperating Revenues (Expenses)	(135,468)
Income (Loss) before other revenues	(368,840)
Capital contributions	144,924
Transfers in	11,329
Change in Net Position	(212,587)
Net Position - Beginning of Year	8,402,619
Net Position - End of Year	$ 8,190,032

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2015

	Water Fund
Cash Flows from Operating Activities	
Cash received from customers	$ 973,529
Cash payments to suppliers for goods and services	(384,026)
Cash payments to employees for services	(342,371)
Net Cash Provided (Used) by Operating Activities	247,132
Cash Flows from Noncapital Financing Activities	
Loan from general fund	39,769
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(333,597)
Reduction of Bond Debt Principal - Net	(256,805)
Interest Paid on Bonds and Notes	(293,598)
Grant Revenue	155,624
Intergovernment donations	156,253
Net Cash Provided (Used) by Capital and Related Financing Activites	(572,123)
Cash Flows from Investing Activities	
Interest on Cash and Cash Investments	686
Increase (Decrease) in Cash and Cash Investments	(284,536)
Cash and Cash Investments - Beginning of Year	620,280
Cash and Cash Investments - End of Year	$ 335,744

See accompanying notes to the basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2015

	Water Fund
Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities	
Operating Income (Loss)	$ (233,372)
Depreciation	481,876
Change in operating assets and liabilities:	
(Increase) Decrease in Accounts Receivable	(9,952)
Increase (Decrease) in Accounts Payable	3,720
(Increase) Decrease in Prepaid Expense	(4,051)
(Increase) Decrease in Inventory	4,424
(Increase) Decrease in Deposits	4,487
Net Cash Provided (Used) by Operating Activities	$ 247,132
Reconciliation of Total Cash and Cash Investments:	
Current Assets - Cash and Cash Investments	$ 132,295
Restricted Assets - Cash and Cash Investments	203,449
Total Cash and Cash Investments	$ 335,744

See accompanying notes to the basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2015

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 1,284,004
Receivables	
Taxes	818,214
Total Assets	$ 2,102,218
LIABILITIES	
Accounts Payable	$ 168,556
Due to Other Governments	1,933,662
Total Liabilities	$ 2,102,218

See accompanying notes to basic financial statements.

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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 has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The 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, 2015 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 CDBG Sewer Fund	$	33,846	(For Operations)
General Fund to E-911 Emergency	$	124,372	(For Operations)
General Fund to Drug Confiscation	$	26,205	(For Operations)
General Fund to Water Fund	$	11,329	(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, 2015, 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 2015 were levied on October 1, 2015, billed on October 20, 2015 with a due date of December 20, 2015. Liens can be attached on January 20, 2016.

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, 2015:

TAX YEAR	TOTAL UNCOLLECTED	RESERVE FOR UNCOLLECTIBLE	ESTIMATED COLLECTIBLE
2015	$ 814,578	$ 194,735	$ 619,843
2014	122,202	16,999	105,203
2013	47,091	7,254	39,837
2012	38,835	6,101	32,734
2011	36,095	5,703	30,392
2010	30,684	4,699	25,985
2009	21,145	3,262	17,883
2008	21,200	3,265	17,935
2007	15,419	2,248	13,171
Total	$ 1,147,249	$ 244,266	$ 902,983

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, 2015:

Proprietary Funds:		
Cash:		
Sinking Account	$ 103,005	
Renewal and Extension	100,444	
Total		$ 203,449

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	4,217,849	369,971	-	4,587,820
Equipment	5,721,309	338,314	21,000	6,038,623
Infrastructure	49,077,741	629,194	-	49,706,935
Total	59,016,899	1,337,479	21,000	60,333,378
Less Accumulated Depreciation:				
Buildings	1,616,572	100,238	-	1,716,810
Equipment	4,866,724	319,757	21,000	5,165,481
Infrastructure	46,340,589	85,474	-	46,426,063
Total	52,823,885	505,469	21,000	53,308,354
Total Capital Assets being Depreciated, Net	6,193,014	832,010	-	7,025,024
Total Governmental Activities, Capital Assets, Net	$ 6,629,761	$ 832,010	$ -	$ 7,461,771

Business-type Activities:	Balance January 1	Additions	Retirements	Balance December 31
Capital Assets not being Depreciated:				
Work in Process	$ -	$ 19,329	$ -	$ 19,329
Land	56,899	-	-	56,899
Total	56,899	19,329	-	76,228
Capital Assets being Depreciated:				
Buildings	145,810	-	-	145,810
Equipment	850,404	4,240	2,400	852,244
Infrastructure	19,651,325	310,030	-	19,961,355
Total	20,647,539	314,270	2,400	20,959,409
Less Accumulated Depreciation:				
Buildings	77,186	5,257	-	82,443
Equipment	514,574	79,559	2,400	591,733
Infrastructure	3,009,170	397,062	-	3,406,232
Total	3,600,930	481,878	2,400	4,080,408
Total Capital Assets being Depreciated, Net	17,046,609	(167,608)	-	16,879,001
Total Business-type Activities Capital Assets, Net	$ 17,103,508	$ (148,279)	$ -	$ 16,955,229

6. **Capital Assets - continued**

Depreciation for the year by functions was as follows:

General Government	$ 64,414	
Public Safety	188,771	
Courts	166	
Roads and Bridges	225,016	
Health and Welfare	9,948	
Sanitation	17,154	
Total Government Activities		$ 505,469
Total Business-Type Activities - Water		481,878
Total Depreciation		$ 987,347

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 3.84%, payable annually at $27,498 secured by equipment	$ 100,061	$ -	$ 23,600	$ 76,461	$ 24,519
Lease payable with interest at 5.45%, payable monthly at $1,648 secured by equipment	80,002	-	15,804	64,198	16,688
Total	$ 180,063	$ -	$ 39,404	$140,659	$ 41,207

7. **Leases – continued**

The assets acquired through capital leases are as follows:

Governmental Activities:	
Asset:	
Equipment	$ 235,779
Less Accumulated Depreciation	76,028
Net Book Value	$ 159,751

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, 2015 is as follows:

	AMOUNT
Minimum lease payments for capital lease	$ 153,306
Less amount representing interest at the County's incremental borrowing rate	12,647
Present value of minimum lease payments	$ 140,659

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.

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 2015 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.

8. **Long Term Debt– continued**

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%.

On July 25, 2015, the County issued a promissory note in the principal amount of $62,820 to finance equipment for the Sheriff's office. The note is payable in four semi-annual installments of $16,851 including interest at 5.754%.

	Balance 12/31/2014	Increase	Decrease	Balance 12/31/2015	Due Within One Year
Governmental Activities:					
Promissory Note	$ 27,861	$ -	$ 13,508	$ 14,353	$ 14,353
Promissory Note	-	62,820	-	62,820	30,519
Sales Tax Bonds Series 2013	3,250,000	-	510,000	2,740,000	520,000
Total Governmental Activities	$ 3,277,861	$ 62,820	$ 523,508	$ 2,817,173	$ 564,872
Business-Type Activities:					
Revenue Bonds Series 1997	$ 210,000	$ -	$ 65,000	$ 145,000	$ 70,000
Revenue Bonds Series 2008B	4,706,751	-	57,391	4,649,360	59,897
GEFA Loan 2008	425,198	-	28,665	396,533	28,665
GEFA Loan 2011	1,238,095	-	65,163	1,172,932	65,163
Revenue Bonds Series 2011B	2,732,836	-	40,586	2,692,250	41,820
Total Business-Type Activities	$ 9,312,880	$ -	$ 256,805	$ 9,056,075	$ 265,545

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, 2015, this fund had been established at $25,865.

8. Long Term Debt– continued

The annual requirements to amortize the long-term debt as of December 31, 2015, including interest payments, are as follows:

	REVENUE BONDS		SALES TAX BONDS		GEFA LOANS AND NOTE	
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2016	$ 171,717	$ 286,087	$ 520,000	$ 43,896	$ 138,700	$ 3,853
2017	180,616	278,128	535,000	34,559	126,129	1,401
2018	109,669	270,995	550,000	24,957	93,828	-
2019	113,883	266,782	560,000	15,134	93,828	-
2020	118,261	262,403	575,000	5,089	93,828	-
2021-2025	663,322	1,239,999	-	-	469,140	-
2026-2030	802,038	1,101,283	-	-	435,698	-
2031-2035	970,715	932,604	-	-	195,487	-
2036-2040	1,176,003	727,317	-	-	-	-
2041-2045	1,426,056	477,265	-	-	-	-
2046-2050	1,611,112	173,412	-	-	-	-
2051-2055	143,218	2,767	-	-	-	-
TOTAL	$ 7,486,610	$ 6,019,042	$ 2,740,000	$ 123,635	$ 1,646,638	$ 5,254

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 $164,389 for 2015 and $165,050 for 2014.

10. Tax Anticipation Note

The County financed its operations for the first ten months of 2015 through the issuance of a tax anticipation note. The obligation was paid in December from property taxes collected. The total amount borrowed and repaid for 2015 was $2,500,000.

11. 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.

11. Risk Management/Self-Insurance Fund– continued

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.

12. 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.

13. Interfund Receivable/Payables

Interfund balances at December 31, 2015, consisted of the following amounts for reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The county expects to repay all interfund balances within one year.

Due To	Due From	Amount
General Fund	Water Fund	$39,769

14. 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.

GASB Statement No. 68 valuation reports and schedules can be found on their respective web sites.

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 2015 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, 2015:

	Employer/Employee Plan	Employee Plan
Employer Contributions	$ -	$ -
Employee Contributions	-	21,539
Covered Payroll	2,935,818	N/A
Total Payroll	4,914,749	4,914,749
Investment Expenses Paid	11,177	-

15. 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.

16. Deficits of Fund Balances/Net Assets

There were no deficits in fund balances or net assets at December 31, 2015.

17. Prior Period Adjustment

During fiscal year 2015, the Health Department adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* an amendment of GASB Statement No. 27. The implementation of GASB 68 resulted in a change in reporting from the previous year. GASB 68 requires the reporting of the plan net pension liability and related pension expense and deferrals in the financial statements. The following reflects the impact of the provisions of GASB Statement No. 68 on the financial statements:

Net position, beginning of year as previously reported	$ 468,043
Adjustment	(797,266)
Net position, beginning of year as restated	$(329,223)

Combining Financial Statements

Non-Major Governmental Funds

CHATTOOGA COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2015

	Special Revenue			
	Drug Confiscation	Jail Improvement	Date	E-911
Assets				
Cash and Cash Investments	$ 27,309	$ 140,680	$ 36,590	$ 1,619
Accounts Receivable - Other	-	-	-	66,822
Due from other governments	-	826	1,082	-
Prepaid Expenses	-	-	-	4,345
Inventory	-	-	-	-
Total Assets	$ 27,309	$ 141,506	$ 37,672	$ 72,786
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$ -	$ -	$ -	$ 10,680
Total Liabilities	-	-	-	10,680
Fund Balances				
Nonspendable	-	-	-	4,345
Restricted for:				
Public Safety	27,309	141,506	37,672	57,761
Sanitation	-	-	-	-
Culture and Recreation	-	-	-	-
Judicial	-	-	-	-
Total Fund Balances	27,309	141,506	37,672	62,106
Total Liabilities and Fund Balances	$ 27,309	$ 141,506	$ 37,672	$ 72,786

CHATTOOGA COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2015

	Special Revenue				
	Housing Prisoners	Law Library	CDBG Sewer	Agricultural Fair	Total Other Governmental Funds
	$ 72,337	$ 13,602	$ 19,576	$ 46,880	$ 358,593
	-	-	-	-	66,822
	-	-	-	-	1,908
	-	-	-	-	4,345
	250	-	-	-	250
	$ 72,587	$ 13,602	$ 19,576	$ 46,880	$ 431,918
	$ 26,797	$ 550	$ 19,573	$ -	$ 57,600
	26,797	550	19,573	-	57,600
	-	-	-	-	4,345
	45,790	-	-	-	310,038
	-	-	3	-	3
	-	-	-	46,880	46,880
	-	13,052	-	-	13,052
	45,790	13,052	3	46,880	374,318
	$ 72,587	$ 13,602	$ 19,576	$ 46,880	$ 431,918

CHATTOOGA COUNTY, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2015

	Special Revenue			
	Drug Confiscation	Jail Improvement	Date Fund	E-911
Revenues				
Investment Income	$ -	$ 142	$ -	$ -
Fines and Forfeiture	-	39,822	49,528	-
Intergovernmental Revenue	35,880	-	-	-
Miscellaneous	32	-	-	529,418
Total Revenues	35,912	39,964	49,528	529,418
Expenditures				
Current				
Public Safety	40,728	43,637	60,365	688,966
Sanitation	-	-	-	-
Culture and Recreation	-	-	-	-
Courts	-	-	-	-
Total Expenditures	40,728	43,637	60,365	688,966
Excess (Deficiency) of Revenues over Expenditures	(4,816)	(3,673)	(10,837)	(159,548)
Other Financing Sources (Uses)				
Transfers In	26,205	-	-	124,372
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	26,205	-	-	124,372
Net Changes in Fund Balance	21,389	(3,673)	(10,837)	(35,176)
Fund Balances - Beginning of Year	5,920	145,179	48,509	97,282
Fund Balances - End of Year	$ 27,309	$ 141,506	$ 37,672	$ 62,106

CHATTOOGA COUNTY, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2015

Special Revenue				
Housing Prisoners	Law Library	CDBG Sewer	Agricultural Fair	Total Other Governmental Funds
$ -	$ -	$ -	$ 47	$ 189
-	12,669	-	-	102,019
-	-	213,428	-	249,308
57,635	-	-	134,954	722,039
57,635	12,669	213,428	135,001	1,073,555
34,601	-	-	-	868,297
-	-	247,274	-	247,274
-	-	-	88,121	88,121
-	13,503	-	-	13,503
34,601	13,503	247,274	88,121	1,217,195
23,034	(834)	(33,846)	46,880	(143,640)
-	-	33,846	-	184,423
-	-	-	-	-
-	-	33,846	-	184,423
23,034	(834)	-	46,880	40,783
22,756	13,886	3	-	333,535
$ 45,790	$ 13,052	$ 3	$ 46,880	$ 374,318

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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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental Revenue	$ 4,000	$ 35,900	$ 35,880	$ (20)
Miscellaneous	100	100	32	(68)
Total Revenues	4,100	36,000	35,912	(88)
Expenditures				
Public Safety - Sheriff				
Crime Prevention	-	36,000	36,443	(443)
Capital Outlay	2,000	4,300	4,285	15
Total Expenditures	2,000	40,300	40,728	(428)
Excess of Revenues Over Expenditures	2,100	(4,300)	(4,816)	(516)
Other Financing Sources (Uses)				
Transfers-In	-	26,000	26,205	205
Net Change in Fund Balance	2,100	21,700	21,389	(311)
Fund Balance - Beginning of Year	5,920	5,920	5,920	-
Fund Balance - End of Year	$ 8,020	$ 27,620	$ 27,309	$ (311)

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Interest income	$ -	$ -	$ 142	$ 142
Fines and Forfeitures	37,100	39,000	39,822	822
Total Revenues	37,100	39,000	39,964	964
Expenditures				
Public Safety - Sheriff				
Jail Maintenance	12,000	43,600	43,637	(37)
Total Expenditures	12,000	43,600	43,637	(37)
Net Change in Fund Balance	25,100	(4,600)	(3,673)	1,001
Fund Balance - Beginning of Year	145,179	145,179	145,179	-
Fund Balance - End of Year	$ 170,279	$ 140,579	$ 141,506	$ 1,001

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - DATE FUND
Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and Forfeitures	$ 40,000	$ 49,000	$ 49,528	$ 528
Total Revenues	40,000	49,000	49,528	528
Expenditures				
Public Safety - Sheriff				
Crime Prevention	10,000	60,000	60,365	(365)
Total Expenditures	10,000	60,000	60,365	(365)
Net Change in Fund Balance	30,000	(11,000)	(10,837)	163
Fund Balance - Beginning of Year	48,509	48,509	48,509	-
Fund Balance - End of Year	$ 78,509	$ 37,509	$ 37,672	$ 163

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Miscellaneous				
911 Fees	$ 550,000	$ 530,000	$ 529,418	$ (582)
Total Revenues	550,000	530,000	529,418	(582)
Expenditures				
Public Safety - E911				
Salaries	343,000	400,000	398,782	1,218
Benefits	101,550	107,000	106,847	153
Insurance	11,300	10,500	10,425	75
Supplies	4,400	7,700	7,623	77
Maintenance - Buildings & Equipment	25,200	38,000	37,822	178
Telephone	45,000	65,000	64,904	96
Training and Travel	3,200	3,900	3,859	41
Computer Expense	30,500	30,500	30,268	232
Utilities	15,850	27,000	26,332	668
Uniform and Laundry	-	1,000	1,110	(110)
Capital Outlay	-	1,000	994	6
Total Expenditures	580,000	691,600	688,966	2,634
Excess of Revenues Over Expenditures	(30,000)	(161,600)	(159,548)	2,052
Other Financing Sources (Uses)				
Transfers - In	-	125,000	124,372	(628)
Total Other Financing Sources (Uses)	-	125,000	124,372	(628)
Net Change in Fund Balance	(30,000)	(36,600)	(35,176)	1,424
Fund Balance - Beginning of Year	97,282	97,282	97,282	-
Fund Balance - End of Year	$ 67,282	$ 60,682	$ 62,106	$ 1,424

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - HOUSING PRISONERS
Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Other Funds	$ -	$ 58,000	$ 57,635	$ (365)
Total Revenues	-	58,000	57,635	(365)
Expenditures				
Public Safety				
Supplies	-	35,000	34,601	399
Total Expenditures	-	35,000	34,601	399
Net Change in Fund Balance	-	23,000	23,034	34
Fund Balance - Beginning of Year	-	22,756	22,756	-
Fund Balance - End of Year	$ -	$ 45,756	$ 45,790	$ 34

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - LAW LIBRARY
Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and forfeitures	$ 11,000	$ 11,000	$ 12,669	$ 1,669
Total Revenues	11,000	11,000	12,669	1,669
Expenditures				
Court System	18,600	18,600	13,503	5,097
Total Expenditures	18,600	18,600	13,503	5,097
Net Change in Fund Balance	(7,600)	(7,600)	(834)	6,766
Fund Balance - Beginning of Year	13,886	13,886	13,886	-
Fund Balance - End of Year	$ 6,286	$ 6,286	$ 13,052	$ 6,766

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - CDBG
Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental Revenue	$ -	$ 213,000	$ 213,428	$ 428
Total Revenues	-	213,000	213,428	428
Expenditures				
Sanitation	-	247,000	247,274	(274)
Total Expenditures	-	247,000	247,274	(274)
Excess of Revenues Over Expenditures	-	(34,000)	(33,846)	154
Other Financing Sources (Uses)				
Transfers-In	-	34,000	33,846	154
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	3	3	-
Fund Balance - End of Year	$ -	$ 3	$ 3	$ -

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - AGRICULTURAL FAIR
Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Interest income	$ -	$ -	$ 47	$ 47
Miscellanous	-	135,000	134,954	(46)
Total Revenues	-	135,000	135,001	1
Expenditures				
Culture and Recreation	-	90,000	88,121	1,879
Total Expenditures	-	90,000	88,121	1,879
Net Change in Fund Balance	-	45,000	46,880	1,880
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	$ -	$ 45,000	$ 46,880	$ 1,880

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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, 2015
(with comparative totals for 2014)

	2015	2014
Assets		
Cash	$ 83,727	$ 311,610
Accounts Receivable	102,225	82,442
Due from other funds	39,769	-
Taxes Receivable	902,983	968,962
Total Assets	$ 1,128,704	$ 1,363,014
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	$ 358,066	$ 129,747
Deferred Inflows of Resources		
Unavailable Revenues	501,837	733,002
Total Liabilities and Deferred Inflows of Resources	859,903	862,749
Fund Balance		
Unassigned	268,801	500,265
Total Fund Balance	268,801	500,265
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,128,704	$ 1,363,014

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2015

(with comparative totals for 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Taxes	$ 5,972,782	$ 7,320,000	$ 7,306,755	$ (13,245)	$ 7,095,194
Licenses and Permits	15,800	20,000	20,600	600	18,800
Fines and Forfeitures	581,000	550,000	551,278	1,278	505,414
Intergovernmental	201,712	210,000	207,146	(2,854)	251,370
Charges for Services	572,300	510,000	514,013	4,013	583,708
Miscellaneous	22,000	40,000	38,464	(1,536)	137,604
Total Revenues	7,365,594	8,650,000	8,638,256	(11,744)	8,592,090
Expenditures					
Current					
General Government	1,181,521	1,432,000	1,427,180	4,820	1,338,526
Public Safety	3,363,852	4,190,500	4,188,966	1,534	3,745,430
Court System	1,302,262	1,412,000	1,409,114	2,886	1,323,976
Roads and Bridges	45,450	35,200	35,148	52	52,096
Health and Welfare	355,940	331,200	330,133	1,067	281,904
Culture and Recreation	524,749	694,111	691,958	2,153	621,953
Sanitation	531,912	655,000	654,289	711	634,300
Total Expenditures	7,305,686	8,750,011	8,736,788	13,223	7,998,185
Excess (Deficiency) of Revenues Over Expenditures	59,908	(100,011)	(98,532)	1,479	593,905
Other Financing Sources (Uses)					
Transfers Out	-	(196,000)	(195,752)	248	(400,540)
Transfers In	-	-	-	-	-
Proceeds from loan	-	63,000	62,820	(180)	27,861
Total Other Financing Sources (Uses)	-	(133,000)	(132,932)	68	(372,679)
Net Change in Fund Balance	59,908	(233,011)	(231,464)	1,547	221,226
Fund Balances - Beginning	500,265	500,265	500,265	-	279,039
Fund Balanced - End of Year	$ 560,173	$ 267,254	$ 268,801	$ 1,547	$ 500,265

CHATTOOGA COUNTY GEORGIA
SCHEDULE OF EXPENDITURES BY DEPARTMENTS
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2015

(with comparative totals for 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
General Government					
Commissioner's Office	$ 396,924	$ 482,000	$ 481,438	$ 562	$ 443,109
Buildings and Grounds	121,863	155,000	154,345	655	137,629
Registrar	32,578	41,000	40,325	675	47,648
Code Enforcement	12,684	44,000	43,153	847	42,959
Tax Assessors	307,569	350,000	349,431	569	304,579
Tax Commissioner	309,903	360,000	358,488	1,512	362,602
Total General Government	1,181,521	1,432,000	1,427,180	4,820	1,338,526
Public Safety					
Sheriff					
General	1,555,724	1,865,000	1,865,179	(179)	1,764,551
Jail	1,333,083	1,860,000	1,881,317	(1,317)	1,532,095
Emergency Services	122,500	47,000	46,808	192	30,532
Community Oriented Police	86,410	79,000	78,135	865	87,671
Total Sheriff	3,097,717	3,871,000	3,871,439	(439)	3,414,849
Animal Control	126,430	111,000	110,562	438	110,085
Fire Departments	115,000	125,000	124,034	966	125,206
Civil Defense	2,400	5,000	4,555	445	5,188
Coroner	22,305	30,000	29,839	161	22,088
Local Emergency Planning	-	48,500	48,537	(37)	68,014
Total Public Safety	3,363,852	4,190,500	4,188,966	1,534	3,745,430
Courts					
Clerk of Courts	312,933	342,000	341,570	430	288,608
Probate Court	235,694	266,000	265,880	120	263,452
Magistrate Court	171,520	174,000	173,508	492	171,541
Juvenile Court	79,338	96,000	95,353	647	97,343
Superior Court	93,694	115,000	114,671	329	106,877
State Court	175,484	181,000	180,999	1	158,806
Court Reporter and Public Defender	113,261	114,000	113,416	584	113,263
District Attorney	116,738	119,000	118,847	153	118,729
Probation Office	3,600	5,000	4,870	130	5,357
Total Courts	1,302,262	1,412,000	1,409,114	2,886	1,323,976
Roads and Bridges (Work Camp)	45,450	35,200	35,148	52	52,096
Health and Welfare					
Board of Health	159,632	160,000	159,804	196	159,776
Public Welfare	99,320	75,000	74,490	510	24,830
County Agent	61,288	76,000	75,683	317	74,167
Crisis Centers	34,200	20,000	19,956	44	22,731
Indigent Care	1,500	200	200	-	400
Total Health and Welfare	355,940	331,200	330,133	1,067	281,904
Culture and Recreation					
Public Library	81,500	83,000	82,766	234	82,278
Public Transportation	135,000	125,000	124,807	193	123,547
Senior and Civic Center	88,249	102,000	101,238	762	84,418
Economic Development	80,000	136,000	135,929	71	123,018
Paradise Gardens	-	-	-	-	80,000
Capital Outlay - Agricultural Center	-	15,611	15,611	-	23,192
Capital Outlay - Community Center	-	125,500	125,107	393	-
Recreation	140,000	107,000	106,500	500	105,500
Total Culture and Recreation	524,749	694,111	691,958	2,153	621,953
Sanitation					
Solid Waste and Water Project	531,912	655,000	654,289	711	634,300
Total Sanitation	531,912	655,000	654,289	711	634,300
Total Expenditures	$ 7,305,686	$ 8,750,011	$ 8,736,788	$ 13,223	$ 7,998,185

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2015

(with comparative totals for 2014)

	2015	2014
EXPENDITURES		
General Government -		
Commissioner's Office -		
Salaries - Commissioner	$ 104,328	$ 102,538
Salaries - Others	131,999	121,548
Benefits	46,446	43,204
Professional Services	66,081	56,834
Dues	5,103	3,303
Insurance	37,557	38,362
Office Expense	39,398	39,852
Telephone	2,150	2,387
Training and Travel	5,626	2,441
Interest Expense	42,750	32,640
Capital Outlay	-	-
Total Commissioner's Office	481,438	443,109
Building and Grounds -		
Salaries	28,808	27,860
Benefits	8,493	8,094
Insurance	582	582
Supplies	4,677	4,918
Maintenance	14,415	15,723
Utilities	97,370	76,627
Capital Outlay	-	3,825
Total Buildings and Grounds	154,345	137,629
Registrar -		
Salaries	29,053	36,391
Benefits	2,257	2,797
Insurance	2,536	2,536
Office Expense	2,012	2,306
Telephone	220	214
Training and Travel	1,671	847
Utilities	2,576	2,557
Capital Outlay	-	-
Total Registrar	40,325	47,648
Subtotal Carried Forward	676,108	628,386

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2015

(with comparative totals for 2014)

	2015	2014
Subtotal Brought Forward	$ 676,108	$ 628,386
EXPENDITURES - continued		
General Government - continued		
Code Enforcement -		
Salaries	32,383	31,232
Benefits	8,791	8,382
Insurance	1,274	1,269
Office Expense	54	208
Telephone	593	728
Training and Travel	58	1,140
Total Code Enforcement	43,153	42,959
Tax Assessors -		
Salaries - Arbitrators	9,706	11,148
Salaries - Other	213,370	182,624
Benefits	67,255	55,147
Dues	490	401
Insurance	7,987	7,982
Legal	2,687	5,033
Office Expense	31,639	27,936
Telephone	897	1,131
Training and Travel	10,972	9,247
Capital Outlay	4,428	3,930
Total Tax Assessors	349,431	304,579
Tax Commissioner -		
Salaries - Tax Commissioner	66,173	62,856
Salaries - Others	134,941	134,750
Benefits	61,185	58,428
Auditors and Attorneys	28,330	35,016
Insurance	3,701	3,701
Office Expense	52,814	56,725
Telephone	663	915
Training and Travel	3,060	2,183
Capital Outlay	7,621	8,028
Total Tax Commissioner	358,488	362,602
Total General Government	**1,427,180**	**1,338,526**

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2015

(with comparative totals for 2014)

	2015	2014
EXPENDITURES - continued		
Public Safety -		
Sheriff - General		
Salaries - Sheriff	$ 70,525	$ 66,990
Salaries - Others	1,104,694	1,017,235
Benefits	279,076	264,610
Auditors and Attorneys	5,070	11,592
Dues	3,843	3,224
Insurance	87,404	79,777
Supplies	20,044	90,063
Repairs and maintenance	3,920	11,234
Telephone	7,073	6,801
Training and Travel	3,189	3,884
Capital Outlay	131,416	56,759
Vehicle Expense	140,806	143,368
Uniforms	8,119	9,014
Total Sheriff - General	1,865,179	1,764,551
Community Oriented Police -	78,135	87,671
Emergency Services -	46,808	30,532
Jail -		
Salaries	528,772	467,350
Benefits	140,838	116,181
Insurance	14,617	14,617
Supplies	54,151	42,478
Buildings and Grounds	54,373	69,572
Telephone	3,706	3,595
Training and Travel	3,288	923
Meals and Housing	852,014	651,758
Medical	223,367	156,632
Uniforms and Laundry	1,721	1,904
Capital Outlay	4,470	7,085
Total Jail	1,881,317	1,532,095
Total Sheriff	3,871,439	3,414,849
Animal Control -	110,562	110,085
Fire -	124,034	125,206
Civil Defense -	4,555	5,188
Subtotal Carried Forward	4,110,590	3,655,328

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2015

(with comparative totals for 2014)

	2015	2014
Subtotal Brought Forward	$ 4,110,590	$ 3,655,328
EXPENDITURES - continued		
Public Safety - continued		
Coroner -		
Salaries	12,774	5,217
Benefits	11,339	10,199
Training	1,421	1,254
Supplies	4,305	5,418
Total Coroner	29,839	22,088
Local Emergency Planning	48,537	68,014
Total Public Safety	**4,188,966**	**3,745,430**
Courts -		
Clerk of Courts -		
Salaries - Clerk	67,745	65,171
Salaries - Others	144,354	120,133
Salaries - Arbitrators	9,700	9,559
Benefits	63,816	52,298
Auditors and Attorneys	10,992	8,182
Insurance	3,701	3,701
Office Expense	36,951	27,007
Telephone	1,322	1,291
Training and Travel	2,263	538
Capital Outlay	726	728
Total Clerk of Courts	341,570	288,608
Probate Court -		
Salaries - Judge	99,360	97,655
Salaries - Others	86,093	78,444
Benefits	34,722	31,248
Auditors and Attorneys	2,117	4,920
Insurance	2,273	2,273
Office Expense	7,547	7,404
Telephone	2,088	2,212
Training and Travel	3,687	1,984
Election Expense	24,400	34,443
Capital Outlay	3,593	2,869
Total Probate Court	265,880	263,452
Subtotal Carried Forward	607,450	552,060

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2015

(with comparative totals for 2014)

	2015	2014
Subtotal Brought Forward	$ 607,450	$ 552,060
EXPENDITURES - continued		
Courts - continued		
Juvenile Court -		
Salaries	52,400	52,000
Benefits	13,732	13,430
Office Expense	5,279	5,651
Court Appointed Attorneys	19,190	21,700
Court Reporters	4,752	4,562
Total Juvenile Court	95,353	97,343
Magistrate's Office -		
Salaries	130,387	128,765
Benefits	29,946	28,625
Auditors and Attorneys	2,205	2,325
Supplies	3,324	3,755
Insurance	2,834	2,834
Telephone	692	725
Training and Travel	619	1,652
Capital Outlay	3,501	2,860
Total Magistrate's Office	173,508	171,541
Superior Court -		
Salaries	12,694	12,467
Office Expense	1,227	1,833
Telephone	1,164	1,123
Court Reporters	30,096	24,017
Jurors	62,621	57,892
Witness Fees	2,156	4,745
Bailiffs	4,713	4,800
Total Superior Court	114,671	106,877
Subtotal Carried Forward	990,982	927,821

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2015

(with comparative totals for 2014)

	2015	2014
Subtotal Brought Forward	$ 990,982	$ 927,821
EXPENDITURES - continued		
Courts - continued		
State Court -		
Salaries	115,270	113,601
Benefits	35,221	28,161
Insurance	2,143	2,143
Office Expense	4,254	2,734
Employee training	2,161	
Telephone	239	252
Attorneys	13,108	6,973
Court Reporters	6,870	3,992
Jurors	1,570	900
Witness Fees	163	50
Capital Outlay	-	-
Total State Court	180,999	158,806
District Attorney -		
Prorate Expenses	116,738	116,738
Office Expense	2,109	1,991
Capital Outlay	-	-
Total District Attorney	118,847	118,729
Probation Office -	4,870	5,357
Court Reporter and Public Defender -		
Salaries	14,511	14,400
Benefits	1,144	1,102
Attorney Fees	97,761	97,761
Total Court Reporter and Public Defender	113,416	113,263
Total Courts	**1,409,114**	**1,323,976**
Roads and Bridges (Work Camp) -		
Salaries	-	-
Benefits	52	5,310
Gas, Oil, and Tires	4,086	6,730
Maintenance	2,354	6,007
Insurance	3,395	-
Supplies	9,592	15,629
Utilities	11,227	13,106
Telephone	4,442	5,314
Capital Outlay	-	-
Total Roads and Bridges	**35,148**	**52,096**

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2015

(with comparative totals for 2014)

	2015	2014
EXPENDITURES - continued		
Health and Welfare -		
Board of Health	$ 159,804	$ 159,776
Public Welfare	74,490	24,830
County Agent	75,683	74,167
Child Advocacy Center	5,534	6,312
Family Crisis Center	6,896	6,312
Other Agencies	7,526	10,107
Hospital and Medical Care	200	400
Total Health and Welfare	**330,133**	**281,904**
Culture and Recreation -		
Public Library	82,766	82,278
Public Transportation	124,807	123,547
Civic, Senior, and Multi-purpose Centers	101,238	84,418
Economic Development	135,929	123,018
Paradise Gardens	-	80,000
Capital Outlay - Agricultural Center	15,611	23,192
Capital Outlay - Community Center	125,107	-
Recreation	106,500	105,500
Total Culture and Recreation	**691,958**	**621,953**
Sanitation -		
Solid Waste	400,673	268,641
Salaries	114,854	144,558
Benefits	23,346	41,463
Insurance	17,072	17,056
Supplies	5,329	11,195
Gas, Oil, and Repairs	89,381	138,191
Utilities	3,634	5,396
Armuchee Creek/Regal Spring	-	7,800
Capital Outlay	-	-
Total Sanitation	**654,289**	**634,300**
TOTAL EXPENDITURES	**$ 8,736,788**	**$ 7,998,185**

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Capital Projects Fund

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CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECT - SALES TAX FUND
Year Ended December 31, 2015

	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	$ 2,190,000	$ 2,190,558	$ 558
Interest Income	-	1,000	1,050	50
Miscellaneous Income	14,500	46,000	45,637	(363)
Total Revenues	2,414,500	2,237,000	2,237,245	245
Expenditures				
Roads and Bridges				
Personnel	475,000	540,000	541,328	(1,328)
Benefits	131,000	146,000	146,121	(121)
Insurance	36,000	36,000	35,359	641
Contractors	39,120	36,000	35,828	172
Professional fees	6,500	40,000	39,985	15
Capital Expenditures	627,649	1,380,000	1,379,413	587
Materials	159,200	165,000	166,385	(1,385)
Gas and Oil	160,000	94,000	94,278	(278)
Maintenance	54,000	60,000	60,352	(352)
Total Roads and Bridges	1,688,469	2,497,000	2,499,049	(2,049)
Intergovernmental Payments				
Municipal Contracts	1,036,900	1,215,000	1,214,904	96
Debt Service				
Principal	-	510,000	510,000	-
Interest expense	-	53,000	52,911	89
Total Expenditures	2,725,369	4,275,000	4,276,864	(1,864)
Net Change in Fund Balance	(310,869)	(2,038,000)	(2,039,619)	(1,619)
Fund Balances - Beginning	3,349,359	3,349,359	3,349,359	-
Fund Balances - Ending	$ 3,038,490	$ 1,311,359	$ 1,309,740	$ (1,619)

See accompanying notes to basic financial statements.

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Proprietary Fund

CHATTOOGA COUNTY, GEORGIA
COMPARATIVE STATEMENTS OF NET POSITION
WATER REVENUE FUND
Year Ended December 31, 2015

(with comparative totals for 2014)

	2015	2014
Assets		
Current Assets		
Cash and Cash Investments	$ 132,295	$ 228,582
Accounts Receivable	171,714	161,762
Inventory	37,432	41,856
Prepaid Expenses	5,685	1,634
Total Current Assets	347,126	433,834
Current Assets - Restricted		
Cash and Cash Investments	203,449	391,698
Total Current Restricted Assets	203,449	391,698
Noncurrent Assets		
Capital Assets		
Work in Process	19,329	-
Land	56,899	56,899
Buildings	145,810	145,810
Infrastructure	19,961,355	19,651,325
Equipment	852,244	850,404
Accumulated Depreciation	(4,080,408)	(3,600,930)
Total Capital Assets, Net of Depreciation	16,955,229	17,103,508
Total Noncurrent Assets	16,955,229	17,103,508
Total Assets	$ 17,505,804	$ 17,929,040
Liabilities		
Current Liabilities		
Accounts Payable	$ 20,613	$ 16,893
Deposits	195,255	190,768
Due to general fund	39,769	-
Bonds and Notes Payable	265,545	256,794
Accrued Interest	4,060	5,880
Total Current Liabilities	525,242	470,335
Noncurrent Liabilities		
Notes and Bonds Payable	8,790,530	9,056,086
Total Noncurrent Liabilities	8,790,530	9,056,086
Total Liabilities	9,315,772	9,526,421
Net Position		
Net investment in capital assets	7,899,154	7,790,628
Restricted for Debt Service	164,389	165,050
Unrestricted	126,489	446,941
Total Net Position	$ 8,190,032	$ 8,402,619

CHATTOOGA COUNTY, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
WATER REVENUE FUND
Year Ended December 31, 2015

(with comparative totals for 2014)

	2015	2014
Operating Revenues		
Charges for Services	$ 978,994	$ 1,004,444
Total Operating Revenues	978,994	1,004,444
Operating Expenses		
Personal Services	342,370	343,035
Supplies and Materials	324,223	271,056
Contractual Services	63,897	45,928
Depreciation	481,876	485,109
Total Operating Expenses	1,212,366	1,145,128
Income (Loss) from Operations	(233,372)	(140,684)
Nonoperating Revenues (Expenses)		
Interest Earned	686	1,998
Interest Expense	(291,778)	(300,157)
Grant and Donation Revenue	155,624	7,279
Total Nonoperating Revenue (Expenses)	(135,468)	(290,880)
Income (Loss) before other revenues	(368,840)	(431,564)
Capital Contributions	144,924	445,156
Transfers in	11,329	-
Change in Net Position	(212,587)	13,592
Net Position - Beginning of Year	8,402,619	8,389,027
Net Position - End of Year	$ 8,190,032	$ 8,402,619

CHATTOOGA COUNTY, GEORGIA
COMPARATIVE STATEMENTS OF CASH FLOWS
WATER REVENUE FUND
Year Ended December 31, 2015

(with comparative totals for 2014)

	2015	2014
Cash Flows from Operating Activities		
Cash received from customers	$ 973,529	$ 995,403
Cash payments to supplies for goods and services	(384,026)	(316,674)
Cash payments to employees for services	(342,371)	(343,035)
Net Cash Provided (Used) by Operating Activities	247,132	335,694
Cash Flows from Noncapital Financing Activities		
Loan from general fund	39,769	-
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(333,597)	(213,856)
Reduction of Bond Debt Principal - Net	(256,805)	(253,175)
Interest Paid on Bonds and Notes	(293,598)	(301,977)
Grant and Donation Revenue	311,877	452,435
Net Cash Provided (Used) by Capital and Related Financing Activities	(572,123)	(316,573)
Cash Flows from Investing Activities		
Interest or Cash and Cash Investments	686	1,998
Increase (Decrease) in Cash and Cash Investments	(284,536)	21,119
Cash and Cash Investments - January 1	620,280	599,161
Cash and Cash Investments - December 31	$ 335,744	$ 620,280

CHATTOOGA COUNTY, GEORGIA
COMPARATIVE STATEMENTS OF CASH FLOWS
WATER REVENUE FUND
Year Ended December 31, 2015

(with comparative totals for 2014)

	2015	2014
Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities		
Income (Loss) from operations	$ (233,372)	$ (140,684)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities		
Depreciation	481,876	485,109
Change in assets and liabilities:		
(Increase) in Accounts Receivable	(9,952)	(13,387)
Increase (Decrease) in Accounts Payable	3,720	4
(Increase) Decrease in Prepaid Expense	(4,051)	2
(Increase) Decrease in Inventory	4,424	304
Increase (Decrease) in Deposits	4,487	4,346
Net Cash Provided (Used) by Operating Activities	$ 247,132	$ 335,694
Reconciliation of Total Cash and Cash Investments		
Current Assets - Cash and Cash Investments	$ 132,295	$ 228,582
Restricted Assets - Cash and Cash Investments	203,449	391,698
Total Cash and Cash Investments	$ 335,744	$ 620,280

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Agency Funds

CHATTOOGA COUNTY, GEORGIA
COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS
December 31, 2015

	Agency Funds				
	Tax Commissioner	Clerk of Courts	Probate Judge	Magistrate Court	Total
Assets					
Cash	$ 1,175,630	$ 75,500	$ 8,147	$ 24,727	$ 1,284,004
Taxes Receivable (Net of Allowance for Uncollectible)	818,214	-	-	-	818,214
Total Assets	$ 1,993,844	$ 75,500	$ 8,147	$ 24,727	$ 2,102,218
Liabilities					
Accounts Payable	$ 91,499	$ 52,438	$ 994	$ 23,625	$ 168,556
Due to Other Governments	1,902,345	23,062	7,153	1,102	1,933,662
Total Liabilities	$ 1,993,844	$ 75,500	$ 8,147	$ 24,727	$ 2,102,218

CHATTOOGA COUNTY, GEORGIA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended December 31, 2015

	Balance 1/1/2015	Additions	Deductions	Balance 12/31/2015
Tax Commissioner				
Assets				
Cash	$ 464,139	$ 13,939,944	$ 13,228,453	$ 1,175,630
Taxes Receivable (net of Allowances for Uncollectible)	872,286	818,214	872,286	818,214
Total	$ 1,336,425	$ 14,758,158	$ 14,100,739	$ 1,993,844
Liabilities				
Accounts Payable	$ 109,409	$ 91,499	$ 109,409	$ 91,499
Due to Other Funds	-	5,792,677	5,792,677	-
Due to Other Governments	1,227,016	8,873,982	8,198,653	1,902,345
Total	$ 1,336,425	$ 14,758,158	$ 14,100,739	$ 1,993,844
Clerk of Courts				
Assets				
Cash	$ 126,907	$ 826,151	$ 877,558	$ 75,500
Total	$ 126,907	$ 826,151	$ 877,558	$ 75,500
Liabilities				
Accounts Payable	$ 121,271	$ 56,214	$ 125,047	$ 52,438
Due to Other Funds	-	562,577	562,577	-
Due to Other Governments	5,636	207,360	189,934	23,062
Total	$ 126,907	$ 826,151	$ 877,558	$ 75,500
Probate Judge				
Assets				
Cash	$ 4,258	$ 124,383	$ 120,494	$ 8,147
Total	$ 4,258	$ 124,383	$ 120,494	$ 8,147
Liabilities				
Accounts Payable	$ 331	$ 663	$ -	$ 994
Due to Other Funds	-	49,237	49,237	-
Due to Other Governments	3,927	74,483	71,257	7,153
Total	$ 4,258	$ 124,383	$ 120,494	$ 8,147
Magistrate Judge				
Assets				
Cash	$ 26,115	$ 157,483	$ 158,871	$ 24,727
Total	$ 26,115	$ 157,483	$ 158,871	$ 24,727
Liabilities				
Accounts Payable	$ 25,266	$ 81,284	$ 82,925	$ 23,625
Due to Other Funds	-	60,131	60,131	-
Due to Other Governments	849	16,068	15,815	1,102
Total	$ 26,115	$ 157,483	$ 158,871	$ 24,727
Total - All Agency Funds				
Assets				
Cash	$ 621,419	$ 15,047,961	$ 14,385,376	$ 1,284,004
Taxes Receivable (Net of Allowances for Uncollectible)	872,286	818,214	872,286	818,214
Total	$ 1,493,705	$ 15,866,175	$ 15,257,662	$ 2,102,218
Liabilities				
Accounts Payable	$ 256,277	$ 229,660	$ 317,381	$ 168,556
Due to Other Funds	-	6,464,622	6,464,622	-
Due to Other Governments	1,237,428	9,171,893	8,475,659	1,933,662
Total	$ 1,493,705	$ 15,866,175	$ 15,257,662	$ 2,102,218

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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, 2015

Assets	
Current Assets	
Cash	$ 445,404
Accounts Receivable	153
Due from Other Governments	93,103
Inventory	910
Total Assets	$ 539,570
Liabilities	
Current Liabilities	
Accounts Payable	$ 172
Due to Other Governments	25,168
Total Liabilities	25,340
Fund Balance	
Nonspendable-inventory	910
Unassigned	513,320
Total Liabilities and Fund Balance	$ 539,570

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, 2015

Total General Fund Balance	$ 514,230
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,425
Deferred outflows are not current resources and therefore are not reported in the fund level financial statements.	73,583
Compensated absences liabilities are not due and payable in the current period and therefore are not reported in the fund level financial statements	(30,412)
Net pension obligations are not due and payble in the current period and therefore are not reported in the fund level financial statements	(561,993)
Deferred inflows are not current resources and therefore are not reported in the fund level financial statements.	(218,660)
Net Position of Governmental Activities	$ (213,827)

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, 2015

	General
Revenues	
Grant-in-aid	$ 280,411
County	156,932
Current Fees	88,199
Inter/Intra Agency	80,713
Contracts	41,758
Interest	3,586
Other State funds	57,102
Miscellaneous Revenue	1,021
Total Revenues	709,722
Expenditures	
Personnel Costs	553,263
Equipment	3,997
Inter/Intra Agency	73,013
Other Operating Expenses	57,367
Total Expenditures	687,640
Excess of Revenues Over (Under) Expenditures	22,082
Fund Balance - Beginning of Year	492,148
Fund Balance - End of Year	$ 514,230

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, 2015

Net Changes in Fund Balance - General Fund	$	22,082
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		5,476
The current year's increase to the net pension obligation decreases net expenses on the government-wide statements.		90,196
Changes in Net Position of Governmental Activities	$	115,396

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Grant-in-aid	$ 276,139	$ 280,411	$ 280,411	$ -
County	156,932	156,932	156,932	-
Current Fees	96,953	80,642	88,199	7,557
Inter/Intra Agency	89,574	79,138	80,713	1,575
Contracts	41,318	41,758	41,758	-
Interest	-	-	3,586	3,586
Other State funds	67,451	57,102	57,102	-
Miscellaneous Revenue	-	-	1,021	1,021
Total Revenues	728,367	695,983	709,722	13,739
Expenditures				
Personnel Costs	579,572	553,262	553,263	(1)
Equipment	3,640	7,460	3,997	3,463
Inter/Intra Agency	78,602	72,738	73,013	(275)
Other Operating Expenses	66,553	62,523	57,367	5,156
Total Expenditures	728,367	695,983	687,640	8,343
Excess of Revenues Over (Under) Expenditures			22,082	
Fund Balance - Beginning of Year			492,148	
Fund Balance - End of Year			$ 514,230	

Federal and State Compliance

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, 2015, 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 June 27, 2016. 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 15-01 and 15-02.

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
June 27, 2016

Financial Statement Findings

FS15-01 **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 in the Probate Court, the Magistrate Court, and Clerk of Superior Court. We noted in the Clerk of Superior 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, 2015. In the Probate Court, incorrect amounts were disbursed and went undetected. This resulted in an overpayment to a state agency. Also, fees were not collected for various charges for services. In these agency funds the controls are not in place to monitor that money collected is distributed in the correct amounts.

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 and errors were occurring.

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. We will ensure that procedures are clearly conveyed to all employees.

Financial Statement Findings - Continued

FS15-02 **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	2,730,654	-	2,730,654	-
Summerville	3,050,000	2,728,457	2,728,457	-	2,728,457	-
Trion	1,300,000	1,029,531	1,029,531	-	1,029,531	-
Lyerly	300,000	267,959	267,959	-	267,959	-
Menlo	300,000	267,961	267,961	-	267,961	-
Total	$ 15,600,000	$ 14,575,276	$ 14,575,276	$ -	$ 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	$ -
Buildings						
County	1,716,000	1,716,000	471,986	249,135	721,121	-
Water System Improvements						
County	624,000	624,000	53,968	-	53,968	-
Summerville	4,290,000	4,290,000	540,676	661,083	1,201,759	-
Trion	1,638,000	1,638,000	181,294	396,438	577,732	-
Lyerly	592,800	592,800	72,975	91,293	164,268	-
Menlo	429,000	429,000	53,978	66,090	120,068	-
Total	$ 15,600,000	$ 15,600,000	$ 2,929,453	$ 1,464,039	$ 4,393,492	$ -

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