CHATTOOGA COUNTY, GEORGIA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

JASON WINTERS, COUNTY COMMISSIONER
MARTHA TUCKER, COUNTY CLERK

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CHRYSAN THOMAS
Certified Public Accountant
Professional Corporation
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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, 2018, 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 3 percent, (1.3) percent, and 4.9 percent, respectively, of the assets, net position, and revenues of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Chattooga County Health Department, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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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, 2018, 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 20, 2019 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 20, 2019

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CHATTOOGA COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018

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, 2018. 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 increased by $437,700 as a result of this year's operations. The net assets of our business-type activities decreased by $265,000 while the assets of our governmental activities increased by $702,800.
- During the year, the County had expenses that were $702,800 less than the $13.4 million generated in tax and other revenues for total governmental programs.
- In the County's business-type activities, revenues decreased to $1.23 million and expenses remained comparable at $1.49 million.
- Total cost of all of the County's programs was $15.3 million, compared to $14.6 million for 2017, with no new programs added this year.
- The County's governmental activities reported an increase in net assets this year of $702,800.

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 $15.2 million at December 31, 2018.

The following table provides a summary of the County's governmental and business-type net position for the years 2018 and 2017.

Table 1

Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other Assets	$ 4,024,804	$ 2,956,622	$ 90,466	$ 118,227	$ 4,115,270	$ 3,074,849
Capital assets - net	7,366,925	7,437,048	16,240,518	16,694,569	23,607,443	24,131,617
Total Assets	11,391,729	10,393,670	16,330,984	16,812,796	27,722,713	27,206,466
Long-term debt Outstanding	726,606	1,146,286	8,104,878	8,312,589	8,831,484	9,458,875
Other liabilities	3,212,843	2,497,928	419,048	428,071	3,631,891	2,925,999
Total liabilities	3,939,449	3,644,214	8,523,926	8,740,660	12,463,375	12,384,874
Net Position:						
Net investment In Capital Assets	5,995,984	5,695,691	7,927,929	8,178,483	13,923,913	13,874,174
Restricted	1,839,743	1,049,905	-	-	1,839,743	1,049,905
Unrestricted	(383,447)	3,860	(120,871)	(106,347)	(504,318)	(102,487)
Total Net Position	$ 7,452,280	$ 6,749,456	$ 7,807,058	$ 8,072,136	$15,259,338	$14,821,592

For the year ended December 31, 2018, the County's net position increased from 2017. 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 2018 and 2017. 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 increased the County's net position by $437,746 during 2018. State LMIG money of $542,910 was received in December 2018 and will be spent in 2019 for road improvements and is reflected in the increase in operating grants.

The following table indicates the changes in net assets for governmental and business-type activities during 2018 and 2017.

Table 2

Changes in Net Position

	Governmental Activities		Business Activities		Total Primary	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	$ 2,236,418	$ 2,021,138	$ 1,230,062	$ 1,196,931	$ 3,466,480	$ 3,218,069
Operating grants	1,265,760	886,325	-	-	1,265,760	886,325
Capital grants	-	-	-	478,608	-	478,608
General revenues						
Property taxes	8,888,794	8,455,934	-	-	8,888,794	8,455,934
Sales taxes	2,148,945	2,079,366	-	-	2,148,945	2,079,366
Other revenues	405	229	11	14	405	243
Total revenues	14,540,322	13,442,992	1,230,073	1,675,553	15,770,395	15,118,545
Program expenses						
General government	1,741,096	1,706,328	-	-	1,741,096	1,706,328
Public safety	5,564,350	5,003,452	-	-	5,564,350	5,003,452
Public works	2,878,545	2,923,579	-	-	2,878,545	2,923,579
Court system	1,578,537	1,513,200	-	-	1,578,537	1,513,200
Cultural & recreational	789,858	659,493	-	-	789,858	659,493
Sanitation	726,915	897,777	-	-	726,915	897,777
Health and welfare	372,137	375,860	-	-	372,137	375,860
Interest Expense	186,060	148,531	-	-	186,060	148,531
Water and sewer	-	-	1,495,151	1,471,542	1,495,151	1,471,542
Total expenses	13,837,498	13,193,976	1,495,151	1,471,542	15,332,649	14,665,518
Excess (deficiency) before transfers and other items	702,824	249,016	(265,078)	204,011	437,746	453,027
Transfers-in (Out)	-	-	-	-	-	-
Increase (decrease)						
Change in net position	702,824	249,016	(265,078)	(204,011)	437,746	453,027
Net position - beginning	6,749,456	6,500,440	8,072,136	7,868,125	14,821,592	14,368,565
Net position - ending	$ 7,452,280	$ 6,749,456	$ 7,807,058	$ 8,072,136	$ 15,259,338	$ 14,821,592

Financial Analysis of the County's Funds

Governmental Activities

To aid in the understanding of the Government-wide Statement of Activities on pages 14 and 15 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

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government	$ 1,927,156	$ 1,739,414	$ 1,820,615	$ 1,737,691
Sheriff and Jail, 911 and Fire	5,564,350	4,035,750	5,003,452	3,519,920
Public Works	2,878,545	1,774,763	2,923,579	2,404,924
Court System	1,578,537	1,578,537	1,513,200	1,513,200
Cultural and Recreation	789,858	570,596	659,493	473,374
Sanitation	726,915	264,123	897,777	261,544
Health and Welfare	372,137	372,137	375,860	375,860
Total	$ 13,837,498	$ 10,335,320	$ 13,193,976	$ 10,286,513

Business-type Activities

Revenues of the County's business-type activities (see Table 2) decreased by $445,490 for 2018 over 2017. Other revenues in 2017 included grant revenue of $451,000 for a project that was completed. Expenses increased by $23,609 for 2018 over 2017. A summary of activity follows in Table 4.

Table 4

	Water and Sewer	
	2018	**2017**
Revenues:		
Charges for Services	$ 1,230,062	$ 1,196,931
Other Revenues	11	478,622
Total Revenues	1,230,073	1,675,553
Expenses:		
Operating Expenses Other than Depreciation	760,744	736,666
Depreciation	463,412	458,850
Interest Expense	270,995	276,026
Total Expenses	1,495,151	1,471,542
Net Income(Loss)	$ (265,078)	$ 204,011

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 $996,340 compared to $593,727 for 2017.

The County received $2.1 million in SPLOST revenue for various projects of the Cities and County. The amounts paid to the Cities were as follows:

Summerville	$ 549,920	Menlo	$ 54,976
Trion	$ 209,967	Lyerly	$ 75,942

The Cities receive payments from the County government as reimbursement for operations of the fire departments. The amount provided in 2018 and 2017 was $96,000.

In addition, the County government made reimbursement payments to the Cities to assist in providing recreation. The amount provided was $162,500 in 2018 and $100,000 in 2017.

There were no significant variations in budget revenues. The General Fund actual charges (expenditures) were $4,500 under the final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2018, the County had $23.6 million invested in a broad range of capital assets, including police and administrative equipment, buildings, vehicles, water lines, and infrastructure. (See Table 5 below). These amounts include infrastructure cost of the governmental activities and are net of $59 million in accumulation depreciation.

Table 5

Capital Assets at Year-End

(Net of Depreciation)

	2018			2017
	Governmental Activities	Business-type Activities	Primary Government Total	Primary Government Total
Land and CIP	$ 436,747	$ 56,899	$ 493,646	$ 493,646
Buildings	2,698,756	50,497	2.749.253	2,848,696
Equipment	706,372	97,060	803,432	705,268
Infrastructure	3,525,050	16,036,062	19,561,112	20,084,007
Total	$ 7,366,925	$ 16,240,518	$ 23,607,443	$ 24,131,617

Debt

At December 31, 2018, the County had $9.6 million in bonds, loans and long-term leases payable as presented in Table 6 below.

Table 6

	Outstanding Debt at December 31, 2018			2017
	Governmental Activities	Business Type Activities	Primary Government Total	Primary Government Total
Revenue Bonds (secured by specific fee revenues of the water system)	$ -	$ 7,024,608	$ 7,024,608	$ 7,134,276
Revenue Bonds (secured Sales tax proceeds)	1,135,000	-	1,135,000	1,685,000
GEFA Loans (secured by water system)	-	1,287,981	1,287,981	1,381,809
Promissory Note (secured by equipment)	69,866	-	69,866	-
Lease payable(secured by equipment)	166,075	-	166,075	56,357
Total	$ 1,370,941	$ 8,312,589	$ 9,683,530	$ 10,257,442

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.

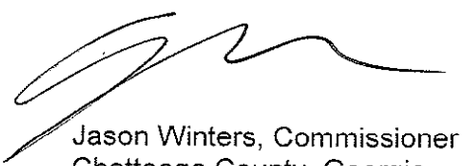
The 2019 budget has been prepared with no increase in the millage rate. At December 31, 2018, the general fund had a deficit fund balance of $843,662. It is expected that decreases in expenditures and transfers to other funds during 2019 will have a positive effect on fund balance. During 2018 transfers to capital projects were to supplement tax proceeds used for projects. With final bond payment in March 2020 additional funds should not be needed and there should be a reduction in transfers for these SPLOST projects in the future.

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, 2018

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash and Cash Investments	$ 2,344,922	$ 125,205	$ 2,470,127	$ 610,359
Receivables (Net of Allowance for Doubtful Accounts)				
Ad Valorem Taxes	1,015,064	-	1,015,064	-
Other Taxes	204,089	-	204,089	-
Accounts	201,250	168,403	369,653	1,457
Due from Other Governments	7,733	-	7,733	119,706
Internal Balances	251,487	(251,487)	-	-
Inventories	-	17,550	17,550	3,297
Prepaid Items	259	4,930	5,189	-
Restricted Assets				
Cash and Cash Investments	-	25,865	25,865	-
Capital Assets:				
Land	436,747	56,899	493,646	-
Buildings	4,752,548	145,810	4,898,358	-
Equipment	5,325,142	847,887	6,173,029	2,351
Infrastructure	50,273,455	20,659,018	70,932,473	-
Accumulated Depreciation	(53,420,967)	(5,469,096)	(58,890,063)	-
Total Assets	11,391,729	16,330,984	27,722,713	737,170
Deferred Outflows of Resources	-	-	-	142,116
Liabilities				
Accounts Payable	1,437,610	63,017	1,500,627	76
Due to Other Governments	110,014	-	110,014	21,040
Deposits	-	148,320	148,320	-
Short-term note	1,020,884	-	1,020,884	-
Current Portion of Long-term Debt	644,335	207,711	852,046	-
Non-Current Liabilities				
Note Payable	35,981	-	35,981	-
Capital Lease	115,625	-	115,625	-
Bonds Payable	575,000	8,104,878	8,679,878	-
Net pension liability	-	-	-	494,508
Net other post-employment benefits	-	-	-	401,450
Compensated absences	-	-	-	41,985
Total Liabilities	3,939,449	8,523,926	12,463,375	959,059
Deferred Inflows of Resources	-	-	-	123,360
Net Position				
Net investment in Capital Assets	5,995,984	7,927,929	13,923,913	2,351
Restricted for				
Capital projects	882,687	-	882,687	-
Debt service	570,045	-	570,045	-
Special Programs	387,011	-	387,011	-
Unrestricted	(383,447)	(120,871)	(504,318)	(205,484)
Total Net Position	$ 7,452,280	$ 7,807,058	$ 15,259,338	$ (203,133)

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General Government	$ 1,741,096	$ 117,653	$ 70,089	$ -
Public Safety	5,564,350	1,473,833	54,767	-
Public Works	2,878,545	26,608	1,077,174	-
Court System	1,578,537	-	-	-
Cultural and Recreational	789,858	155,532	63,730	-
Sanitation	726,915	462,792	-	-
Health and Welfare	372,137	-	-	-
Interest Expense	186,060	-	-	-
Total Governmental Activities	13,837,498	2,236,418	1,265,760	-
Business-Type Activities				
Water and Sewer District	1,495,151	1,230,062	-	-
Total Business-Type Activities	1,495,151	1,230,062	-	-
Total Government	$ 15,332,649	$ 3,466,480	$ 1,265,760	$ -
Component Unit				
Health and Welfare	$ 544,680	$ 226,690	$ 388,689	$ -

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

Change in Net Position

Net Position at Beginning of Year, restated
Net Position at End of Year

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Net (Expenses) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit
$ (1,553,354)	$ -	$ (1,553,354)	
(4,035,750)	-	(4,035,750)	
(1,774,763)	-	(1,774,763)	
(1,578,537)	-	(1,578,537)	
(570,596)	-	(570,596)	
(264,123)	-	(264,123)	
(372,137)	-	(372,137)	
(186,060)	-	(186,060)	
(10,335,320)	-	(10,335,320)	
-	(265,089)	(265,089)	
-	(265,089)	(265,089)	
$ (10,335,320)	$ (265,089)	$ (10,600,409)	
			$ 70,699
$ 8,888,794	$ -	$ 8,888,794	$ -
2,148,945	-	2,148,945	-
-	-	-	156,932
405	11	416	4,661
-	-	-	-
11,038,144	11	11,038,155	161,593
702,824	(265,078)	437,746	232,292
6,749,456	8,072,136	14,821,592	(435,425)
$ 7,452,280	$ 7,807,058	$ 15,259,338	$ (203,133)

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	General	Capital Project Sales Tax Funds	Other Funds	Total Governmental Funds
Assets				
Cash and Cash Investments	$ 492,744	$ 1,479,119	$ 373,059	$ 2,344,922
Receivables (net where applicable of allowance for doubtful accounts)				
Ad Valorem Taxes	1,015,064	-	-	1,015,064
Other Taxes	-	204,089	-	204,089
Other	140,125	-	61,125	201,250
Due from other funds	251,487	-	-	251,487
Due from other governments	5,394	-	2,339	7,733
Prepaid Items	-	-	259	259
Total Assets	$ 1,904,814	$ 1,683,208	$ 436,782	$ 4,024,804
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$ 1,267,636	$ 120,462	$ 49,512	$ 1,437,610
Note Payable	1,020,884	-	-	1,020,884
Due to other governments	-	110,014	-	110,014
Deferred Inflows of Resources				
Unavailable revenues	459,956	-	-	459,956
Total Liabilities and Deferred Inflows of Resources	2,748,476	230,476	49,512	3,028,464
Fund Balances				
Nonspendable:				
Prepaid Items	-	-	259	259
Restricted for:				
Construction and capital outlay	-	882,687	-	882,687
Debt Service	-	570,045	-	570,045
Judicial	-	-	12,818	12,818
Public Safety	-	-	301,854	301,854
Culture and Recreation	-	-	72,339	72,339
Unassigned	(843,662)	-	-	(843,662)
Total Fund Balance	(843,662)	1,452,732	387,270	996,340
Total Liabilties, Deferred Inflows of Resources and Fund Balances	$ 1,904,814	$ 1,683,208	$ 436,782	$ 4,024,804

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
December 31, 2018

Total Governmental Fund Balances		$ 996,340
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.		7,366,925
Unavailable revenue from taxes not collected within 60 days after the end of the fiscal year.		459,956
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	$ (644,335)	
Due after one year	(726,606)	
		(1,370,941)
Net Position of Governmental Activities		$ 7,452,280

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, 2018

	General Fund	Capital Project Sales Tax Funds	Other Funds	Total Governmental Funds
Revenues				
Taxes				
Ad Valorem	$ 8,888,876	$ -	$ -	$ 8,888,876
Sales Taxes	-	2,148,945	-	2,148,945
Charges for Services	629,202	-	544,707	1,173,909
Licenses and Permits	20,250	-	-	20,250
Investment Income	-	1,292	405	1,697
Fines and Forfeitures	459,676	-	76,290	535,966
Miscellaneous	73,057	26,608	231,617	331,282
Intergovernmental	337,250	1,075,882	26,355	1,439,487
Total Revenues	10,408,311	3,252,727	879,374	14,540,412
Expenditures				
Current				
General Government	1,832,313	-	-	1,832,313
Public Safety	4,540,962	-	1,007,936	5,548,898
Public Works	322,837	1,487,696	-	1,810,533
Sanitation	726,915	-	-	726,915
Cultural and Recreational	689,512	-	114,107	803,619
Court System	1,568,787	-	9,750	1,578,537
Health and Welfare	367,992	-	-	367,992
Debt Service				
Principal	-	550,000	-	550,000
Interest	-	24,687	-	24,687
Intergovernmental payments	-	890,805	-	890,805
Capital Outlay	-	227,808	-	227,808
Total Expenditures	10,049,318	3,180,996	1,131,793	14,362,107
Excess (Deficiency) of Revenues Over Expenditures	358,993	71,731	(252,419)	178,305
Other Financing Sources (Uses)				
Proceeds from borrowing	-	224,308	-	224,308
Transfers (Out)/In	(739,528)	523,194	216,334	-
Total Other Financing Sources (Uses)	(739,528)	747,502	216,334	224,308
Net Changes in Fund Balance	(380,535)	819,233	(36,085)	402,613
Fund Balances - Beginning	(463,127)	633,499	423,355	593,727
Fund Balances - End of Year	$ (843,662)	$ 1,452,732	$ 387,270	$ 996,340

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, 2018

Net Changes in Fund Balances - Total Governmental Funds	$	402,613
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.		338,343
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.		(408,466)
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.		370,416
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.		(82)
Changes In Net Position of Governmental Activities	$	702,824

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	$ 8,171,000	$ 8,889,000	$ 8,888,876	$ (124)
Intergovernmental	253,150	340,000	337,250	(2,750)
Charges for Services	572,400	630,000	629,202	(798)
Licenses and Permits	20,600	20,000	20,250	250
Fines and Forfeitures	610,000	480,000	459,676	(20,324)
Miscellaneous	16,100	70,000	73,057	3,057
Total Revenues	9,643,250	10,429,000	10,408,311	(20,689)
Expenditures				
General Government	1,518,675	1,833,200	1,832,313	887
Public Safety	4,017,964	4,541,000	4,540,962	38
Health and Welfare	365,457	367,600	367,992	(392)
Sanitation	681,253	730,000	726,915	3,085
Culture and Recreation	616,170	690,000	689,512	488
Court System	1,535,158	1,569,000	1,568,787	213
Public Works	33,750	323,000	322,837	163
Total Expenditures	8,768,427	10,053,800	10,049,318	4,482
Excess (Deficiency) of Revenues over Expenditures	874,823	375,200	358,993	(16,207)
Other Financing Sources (Uses)				
Transfers Out	(874,823)	(375,200)	(739,528)	(364,328)
Total Other Financing Sources (Uses)	(874,823)	(375,200)	(739,528)	(364,328)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	$ -	$ -	(380,535)	$ (380,535)
Fund Balances - Beginning			(463,127)	
Fund Balances - End of Year			$ (843,662)	

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
BALANCE SHEET
PROPRIETARY FUND
December 31, 2018

	Water Fund
Assets	
Current Assets	
Cash and Cash Investments	$ 125,205
Receivables (Net Where Applicable of Allowance for Doubtful Accounts)	
Accounts	168,403
Inventories	17,550
Prepaid Expenses	4,930
Total Current Assets	316,088
Current Assets - Restricted	
Cash and Cash Investments	25,865
Noncurrent Assets	
Capital Assets	
Land	56,899
Buildings	145,810
Equipment	847,887
Infrastructure	20,659,018
Accumulated Depreciation	(5,469,096)
Total Capital Assets Net of Accumulated Depreciation	16,240,518
Total Noncurrent Assets	16,240,518
Total Assets	$ 16,582,471

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
BALANCE SHEET
PROPRIETARY FUND
December 31, 2018

	Water Fund
Liabilities	
Current Liabilities	
Accounts Payable	$ 63,017
Deposits	148,320
Due to general fund	251,487
Bonds and notes payable	207,711
Total Current Liabilities	670,535
Noncurrent Liabilities	
Bonds and notes payable	8,104,878
Total Liabilities	8,775,413
Fund Equity	
Net investment in capital assets	7,927,929
Unrestricted	(120,871)
Total Fund Equity	7,807,058
Total Liabilities and Fund Equity	$ 16,582,471

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, 2018

	Water Fund
Operating Revenues	
Charges for Services	$ 1,230,062
Total Operating Revenues	1,230,062
Operating Expenses	
Personal Services	344,082
Supplies	394,434
Contractual Services	22,228
Depreciation	463,412
Total Operating Expenses	1,224,156
Operating Income (Loss)	5,906
Nonoperating Revenues (Expenses)	
Investment Income	11
Interest Expense	(270,995)
Total Nonoperating Revenues (Expenses)	(270,984)
Change in Net Position	(265,078)
Net Position - Beginning of Year	8,072,136
Net Position - End of Year	$ 7,807,058

See accompanying notes to basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2018

	Water Fund
Cash Flows from Operating Activities	
Cash received from customers	$ 1,223,561
Cash payments to suppliers for goods and services	(360,006)
Cash payments to employees for services	(344,082)
Net Cash Provided (Used) by Operating Activities	519,473
Cash Flows from Noncapital Financing Activities	
Loan from (payment to) general fund	(21,097)
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(9,361)
Reduction of Bond Debt Principal - Net	(203,496)
Interest Paid on Bonds and Notes	(270,995)
Net Cash Provided (Used) by Capital and Related Financing Activites	(483,852)
Cash Flows from Investing Activities	
Interest on Cash and Cash Investments	11
Increase (Decrease) in Cash and Cash Investments	14,535
Cash and Cash Investments - Beginning of Year	136,535
Cash and Cash Investments - End of Year	$ 151,070

See accompanying notes to the basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2018

	Water Fund
Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities	
Operating Income (Loss)	$ 5,906
Depreciation	463,412
Change in operating assets and liabilities:	
(Increase) Decrease in Accounts Receivable	45,776
Increase (Decrease) in Accounts Payable	39,039
(Increase) Decrease in Prepaid Expense	1,002
(Increase) Decrease in Inventory	16,615
(Increase) Decrease in Deposits	(52,276)
Net Cash Provided (Used) by Operating Activities	$ 519,474
Reconciliation of Total Cash and Cash Investments:	
Current Assets - Cash and Cash Investments	$ 125,205
Restricted Assets - Cash and Cash Investments	25,865
Total Cash and Cash Investments	$ 151,070

See accompanying notes to the basic financial statements.

CHATTOOGA COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2018

	AGENCY FUNDS
ASSETS	
Cash and Cash Equivalents	$ 239,942
Receivables	
Taxes	752,398
Total Assets	$ 992,340
LIABILITIES	
Accounts Payable	$ 198,989
Due to Other Governments	793,351
Total Liabilities	$ 992,340

See accompanying notes to basic financial statements.

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, 2018 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 Governmental Funds as follows:

FUNDS		Amount	
General Fund to E-911 Emergency	$	216,334	(For Operations)
General Fund to Capital Projects	$	523,194	(For Operations)

Transfers to Capital Projects were to supplement tax proceeds used for projects. With final bond payment in March 2020 additional funds should not be needed and there should be a reduction in transfers for these SPLOST projects in the future.

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, 2018, 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 2018 were levied on October 1, 2018, billed on October 1, 2018 with a due date of December 1, 2018. Liens can be attached on January 1, 2019.

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 Tax - continued**

The following is a summary of the estimated amount of property, and utility taxes for all governments collectible at December 31, 2018:

TAX YEAR	TOTAL UNCOLLECTED	RESERVE FOR UNCOLLECTIBLE	ESTIMATED COLLECTIBLE
2018	$ 927,695	$ 40,958	$ 886,737
2017	105,832	9,798	96,034
2016	17,828	4,571	13,257
2015	15,490	3,876	11,614
2014	11,254	5,701	5,553
2013	8,482	6,614	1,868
2012	868	868	-
2011	817	817	-
2010	942	942	-
2009	919	919	-
Total	$ 1,090,127	$ 75,064	$ 1,015,063

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, 2018:

Proprietary Funds:
Cash:

Renewal and Extension	$ 25,865

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	4,733,448	19,100	-	4,752,548
Equipment	5,005,899	319,243	-	5,325,142
Infrastructure	50,273,455	-	-	50,273,455
Total	60,012,802	338,343	-	60,351,145
Less Accumulated Depreciation:				
Buildings	1,939,025	114,767	-	2,053,792
Equipment	4,434,460	184,310	-	4,618,770
Infrastructure	46,639,016	109,389	-	46,748,405
Total	53,012,501	408,466	-	53,420,967
Total Capital Assets being Depreciated, Net	7,000,301	(70,123)	-	6,930,178
Total Governmental Activities, Capital Assets, Net	$ 7,437,048	$ (70,123)	$ -	$ 7,366,925

Business-type Activities:	Balance January 1	Additions	Retirements	Balance December 31
Capital Assets not being Depreciated:				
Land	$ 56,899	$ -	$ -	$ 56,899
Total	56,899	-	-	56,899
Capital Assets being Depreciated:				
Buildings	145,810	-	-	145,810
Equipment	850,090	9,361	11,564	847,887
Infrastructure	20,659,018	-	-	20,659,018
Total	21,654,918	9,361	11,564	21,652,715
Less Accumulated Depreciation:				
Buildings	91,537	3,776	-	95,313
Equipment	716,261	46,130	11,564	750,827
Infrastructure	4,209,450	413,506	-	4,622,956
Total	5,017,248	463,412	11,564	5,469,096
Total Capital Assets being Depreciated, Net	16,637,670	(454,051)	-	16,183,619
Total Business-type Activities Capital Assets, Net	$16,694,569	$ (454,051)	$ -	$16,240,518

6. Capital Assets - continued

Depreciation for the year by functions was as follows:

General Government	$ 69,816	
Public Safety	105,726	
Roads and Bridges	222,279	
Health and Welfare	10,645	
Total Government Activities		$ 408,466
Total Business-Type Activities - Water		463,412
Total Depreciation		$ 871,878

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	$ 26,467	$ -	$ 26,467	$ -	$ -
Lease payable with interest at 4.675%, payable annually at $42,200 secured by equipment	-	154,790	-	154,790	39,165
Lease payable with interest at 5.45%, payable monthly at $1,648 secured by equipment	29,890	-	18,605	11,285	11,285
Total	$ 56,357	$154,790	$ 45,072	$166,075	$ 50,450

The annual requirements to amortize the above leases over the five-year period succeeding December 31, 2018, including interest payments, is as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL PAYMENT
2019	$ 50,450	$ 3,240	$ 53,690
2020	36,795	5,405	42,200
2021	38,515	3,685	42,200
2022	40,315	1,885	42,200
TOTAL	$ 166,075	$ 14,215	$ 180,290

7. **Leases – continued**

The assets acquired through capital leases are as follows:

Governmental Activities:	
Asset:	
Equipment	$ 390,569
Less Accumulated Depreciation	(191,951)
Net Book Value	$ 198,618

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, 2018 is as follows:

	AMOUNT
Minimum lease payments for capital lease	$ 180,290
Less amount representing interest at the County's incremental borrowing rate	(14,215)
Present value of minimum lease payments	$ 166,075

8. **Long Term Debt**

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.

8. **Long Term Debt– continued**

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

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

On December 18, 2018, The County issued a promissory note in the principal amount of $69,866 to finance vehicles for public works. The note is payable in two annual installments of $38,426 including interest at 6.5%.

	Balance 12/31/2017	Increase	Decrease	Balance 12/31/2018	Due Within One Year
Governmental Activities:					
Promissory Note	$ -	$ 69,866	$ -	$ 69,866	$ 33,885
Sales Tax Bonds Series 2013	1,685,000	-	550,000	1,135,000	560,000
Total Governmental Activities	$ 1,685,000	$ 69,866	$ 550,000	$ 1,204,866	$ 593,885
Business-Type Activities:					
Revenue Bonds Series 2008B	$ 4,526,939	$ -	$ 65,265	$ 4,461,674	$ 68,129
GEFA Loan 2008	339,203	-	28,665	310,538	28,665
GEFA Loan 2011	1,042,606	-	65,163	977,443	65,163
Revenue Bonds Series 2011B	2,607,337	-	44,403	2,562,934	45,754
Total Business-Type Activities	$ 8,516,085	$ -	$ 203,496	$ 8,312,589	$ 207,711

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, 2018, this fund had been established at $25,865.

The Series 2013 requires payments from special local option sales taxes to be set aside to pay the principal and interest for the following year. At December 31, 2018 the balance being held by the bank is $570,045.

8. **Long Term Debt– continued**

The annual requirements to amortize the long-term debt as of December 31, 2018, including interest payments, are as follows:

	REVENUE BONDS		SALES TAX BONDS		GEFA LOANS AND NOTE	
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2019	$ 113,883	$ 266,782	$ 560,000	$ 15,134	$ 127,714	$ 4,541
2020	118,261	262,403	575,000	5,089	129,809	2,339
2021	122,814	257,850	-	-	93,828	-
2022	127,548	253,116	-	-	93,828	-
2023	132,470	248,195	-	-	93,828	-
2024-2028	743,284	1,160,037	-	-	469,140	-
2029-2033	899,253	1,004,066	-	-	349,700	-
2034-2038	1,089,011	814,309	-	-	-	-
2039-2043	1,320,068	583,252	-	-	-	-
2044-2048	1,601,650	301,673	-	-	-	-
2049-2053	756,366	32,149	-	-	-	-
TOTAL	$ 7,024,608	$ 5,183,832	$ 1,135,000	$ 20,223	$ 1,357,847	$ 6,880

9. **Tax Anticipation Note**

The County issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its general fund for operations. The ending balance was paid on January 2, 2019 with interest of $20,884. Short-term debt activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Issued	Repayments	Ending Balance
Tax anticipation notes	$ -	$ 4,500,000	$ 3,500,000	$ 1,000,000
Interest Payable	-	161,373	140,489	20,884

10. **Risk Management/Self-Insurance Fund**

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

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

10. Risk Management/Self-Insurance Fund - continued

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.

11. 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 $24,824 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.

12. Interfund Receivable/Payables

Interfund balances at December 31, 2018, 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	$ 251,487

13. 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.

13. Retirement Benefits - continued

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 also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b) plan administered by MassMutual Financial Group. The plan, which is available to all full-time County employees, permits them to defer a portion of their salary until future years. If participants elect to contribute to the plan, the County will make a matching contribution of up to 3% in a 401(a) plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participants are 100% vested in the plan. The 457(b) plan was effective beginning in 2018. The county contributed 3% in the 401(a) plan in December 2018 in the amount of $103,999.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, and rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the employees.

The County has only minor administrative involvement and does not perform any investing for the plan. Due to the face the County's role in management of the plan assets is basically limited to transmitting amounts withheld from payroll to an outside party responsible for administering the plan, the County does not report the assets of the Plan in the County's financial statements.

14. 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, including 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 are no employees receiving this benefit.

15. Deficits of Fund Balances/Net Assets

At December 31, 2018, the general fund had a deficit fund balance of $843,662. It is expected that decreases in expenditures and transfers to other funds during 2019 will have a positive effect on fund balance. Future transfers to Capital Projects Sales Tax Funds projects should be reduced.

16. Tax Abatements

To entice new and expanding companies to select Chattooga County as the target of their investment for purposes of economic development, the Chattooga County Development Authority (CCDA) was created pursuant to an amendment to the Constitution of the State of Georgia (1966 Ga. Laws p. 804 *et seq.*, as continued 1986 Ga. Laws, p. 4556 *et seq.*).

16. Tax Abatements - continued

The government officials meet with the business owners and officers to negotiate these new businesses locating to Chattooga County and/or expanding existing businesses with them. Arch Farrar is the attorney for the CCDA.

The criteria that make a company eligible for tax abatement through the CCDA include the company providing new capital investment and/or new jobs to Chattooga County. The company must be willing to enter into a contractual agreement with the CCDA and willing to enter into a bond financed sale leaseback transaction (Industrial Revenue Bond) which transfers title to improvements (land, building, equipment) during the life of the tax deferment/abatement plan as provided by Georgia law.

Sale-leaseback arrangements are used by the CCDA, whereby the property subject to abatement is transferred to a governmental entity, and the public, as well as the local taxing jurisdictions, receives notice of the transfer pursuant to an industrial revenue bond validation. The CCDA issues such industrial revenue bonds to achieve property tax savings for companies meeting the criteria.

The amount of the tax abatement is determined when the company provides information on planned new jobs and community investment brought to the community as well as other factors to include diversification, wage levels, and project location. The tax deferment is for the period of the project up to 15 years.

An interest in land will fall into one of three property classes

1) The absolute or fee simple estate
2) The estate for years, or the leasehold estate
3) The usufruct

A leasehold estate is a severable interest in land and, for tax purposes, is classified as a distinct real property estate. As taxable property, the Chattooga County Board of Assessors may levy ad valorem tax on the leasehold estate. Although a company's leasehold interest is subject to taxation, the company may negotiate with the Chattooga County Board of Assessors to reach an agreement on the value of the leasehold interest. In effect, the negotiated rate will serve as tax abatement on the property.

Each company that enters into a tax abatement transaction with the CCDA agrees that it will provide a certain amount of new community investment through an investment in personal and real property and/or provide a certain amount of new jobs to Chattooga County. Each year of the abatement period the company is required to file an annual report with the CCDA which certifies the number of jobs and the amount of capital investment in the project. In the event the company fails to meet community investment or job goals, each agreement provides for the computation of a recovery payment on behalf of the County. This recovery payment is due with the annual report each year of the abatement.

The CCDA did not experience a reduction in tax revenues due to these abatements during 2018; however, the following governments were included as parties to these agreements and did agree to abate property taxes in amounts as follows:

Chattooga County, Georgia	$ 14,247
Chattooga County Board of Education	$ 9,175

17. Prior Period Adjustment

During fiscal year 2018, the component unit the Health Department adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans other than Pension Plans.* The implementation of GASB 75 resulted in a change in reporting from the previous year. GASB 75 requires cost-sharing employers to record a liability and an expense of full accrual financial statements equal to the proportionate share of the net OPEB liability and expense for the cost-sharing. The following reflects the impact of the provisions of GASB Statement No. 75 on the financial statements:

Net position, beginning of year as previously reported	$	44,393
Adjustment		(479,818)
Net position, beginning of year as adjusted	$	(435,425)

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Combining Financial Statements

Non-Major Governmental Funds

CHATTOOGA COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2018

	Special Revenue			
	Drug Confiscation	Jail Improvement	Date	E-911
Assets				
Cash and Cash Investments	$ 26,346	$ 180,937	$ 7,772	$ 15,262
Accounts Receivable - Other	-	-	-	61,125
Due from other governments	-	1,009	1,330	-
Prepaid Expenses	-	-	-	259
Total Assets	$ 26,346	$ 181,946	$ 9,102	$ 76,646
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$ 1,243	$ -	$ -	$ 43,268
Total Liabilities	1,243	-	-	43,268
Fund Balances				
Nonspendable	-	-	-	259
Restricted for:				
Public Safety	25,103	181,946	9,102	33,119
Culture and Recreation	-	-	-	-
Judicial	-	-	-	-
Total Fund Balances	25,103	181,946	9,102	33,378
Total Liabilities and Fund Balances	$ 26,346	$ 181,946	$ 9,102	$ 76,646

CHATTOOGA COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2018

Special Revenue				
Housing Prisoners	Law Library	Agricultural Fair	Total Other Governmental Funds	
$ 57,585	$ 12,818	$ 72,339	$ 373,059	
-	-	-	61,125	
-	-	-	2,339	
-	-	-	259	
$ 57,585	$ 12,818	$ 72,339	$ 436,782	
$ 5,001	$ -	$ -	$ 49,512	
5,001	-	-	49,512	
-	-	-	259	
52,584	-	-	301,854	
-	-	72,339	72,339	
-	12,818	-	12,818	
52,584	12,818	72,339	387,270	
$ 57,585	$ 12,818	$ 72,339	$ 436,782	

CHATTOOGA COUNTY, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2018

	Special Revenue			
	Drug Confiscation	Jail Improvement	Date Fund	E-911
Revenues				
Investment Income	$ 42	$ 187	$ -	$ -
Fines and Forfeiture	-	34,394	30,174	-
Intergovernmental Revenue	26,355	-	-	-
Miscellaneous	5,130	-	-	544,707
Total Revenues	31,527	34,581	30,174	544,707
Expenditures				
Current				
Public Safety	52,224	50,685	33,283	769,548
Culture and Recreation	-	-	-	-
Courts	-	-	-	-
Total Expenditures	52,224	50,685	33,283	769,548
Excess (Deficiency) of Revenues over Expenditures	(20,697)	(16,104)	(3,109)	(224,841)
Other Financing Sources (Uses)				
Transfers In	-	-	-	216,334
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	216,334
Net Changes in Fund Balance	(20,697)	(16,104)	(3,109)	(8,507)
Fund Balances - Beginning of Year	45,800	198,050	12,211	41,885
Fund Balances - End of Year	$ 25,103	$ 181,946	$ 9,102	$ 33,378

CHATTOOGA COUNTY, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2018

	Special Revenue			
	Housing Prisoners	Law Library	Agricultural Fair	Total Other Governmental Funds
	$ -	$ 110	$ 66	$ 405
	-	11,722	-	76,290
	-	-	-	26,355
	92,697	-	133,790	776,324
	92,697	11,832	133,856	879,374
	102,196	-	-	1,007,936
	-	-	114,107	114,107
	-	9,750	-	9,750
	102,196	9,750	114,107	1,131,793
	(9,499)	2,082	19,749	(252,419)
	-	-	-	216,334
	-	-	-	-
	-	-	-	216,334
	(9,499)	2,082	19,749	(36,085)
	62,083	10,736	52,590	423,355
	$ 52,584	$ 12,818	$ 72,339	$ 387,270

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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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental Revenue	$ -	$ 26,000	$ 26,355	$ 355
Miscellaneous	7,050	5,200	5,172	(28)
Total Revenues	7,050	31,200	31,527	327
Expenditures				
Public Safety - Sheriff				
Crime Prevention	1,500	52,200	52,224	(24)
Capital Outlay	2,000	-	-	-
Total Expenditures	3,500	52,200	52,224	(24)
Net Change in Fund Balance	$ 3,550	$ (21,000)	(20,697)	$ 303
Fund Balance - Beginning of Year			45,800	
Fund Balance - End of Year			$ 25,103	

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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Interest income	$ 200	$ -	$ 187	$ 187
Fines and Forfeitures	41,100	34,400	34,394	(6)
Total Revenues	41,300	34,400	34,581	181
Expenditures				
Public Safety - Sheriff				
Jail Maintenance	12,000	50,700	50,685	15
Total Expenditures	12,000	50,700	50,685	15
Net Change in Fund Balance	$ 29,300	$ (16,300)	(16,104)	$ 196
Fund Balance - Beginning of Year			198,050	
Fund Balance - End of Year			$ 181,946	

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - DATE FUND
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and Forfeitures	$ 53,500	$ 30,100	$ 30,174	$ 74
Miscellaneous	100	-	-	-
	-			
Total Revenues	53,600	30,100	30,174	74
Expenditures				
Public Safety - Sheriff				
Crime Prevention	55,000	33,300	33,283	17
Total Expenditures	55,000	33,300	33,283	17
Net Change in Fund Balance	$ (1,400)	$ (3,200)	(3,109)	$ 91
Fund Balance - Beginning of Year			12,211	
Fund Balance - End of Year			$ 9,102	

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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Miscellaneous				
911 Fees	$ 551,050	$ 545,000	$ 544,707	$ (293)
Total Revenues	551,050	545,000	544,707	(293)
Expenditures				
Public Safety - E911				
Salaries	419,000	478,000	477,902	98
Benefits	145,107	151,900	150,902	998
Insurance	4,750	2,500	2,436	64
Supplies	5,200	8,500	8,563	(63)
Maintenance - Buildings & Equipment	21,450	13,700	13,668	32
Telephone	70,000	60,000	60,037	(37)
Training and Travel	2,500	3,300	3,327	(27)
Computer Expense	31,000	29,400	29,389	11
Utilities	26,500	23,300	23,324	(24)
Uniform and Laundry	1,000	-	-	-
Capital Outlay	900	-	-	-
	-		-	
Total Expenditures	727,407	770,600	769,548	1,052
Excess of Revenues Over Expenditures	(176,357)	(225,600)	(224,841)	759
Other Financing Sources (Uses)				
Transfers - In	176,357	225,600	216,334	(9,266)
Total Other Financing Sources (Uses)	176,357	225,600	216,334	(9,266)
Net Change in Fund Balance	$ -	$ -	(8,507)	$ (8,507)
Fund Balance - Beginning of Year			41,885	
Fund Balance - End of Year			$ 33,378	

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - HOUSING PRISONERS
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Other Funds	$ 93,000	$ 93,000	$ 92,697	$ (303)
Total Revenues	93,000	93,000	92,697	(303)
Expenditures				
Public Safety				
Supplies	102,000	102,000	102,196	(196)
Total Expenditures	102,000	102,000	102,196	(196)
Net Change in Fund Balance	$ (9,000)	$ (9,000)	(9,499)	$ (499)
Fund Balance - Beginning of Year			62,083	
Fund Balance - End of Year			$ 52,584	

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - LAW LIBRARY
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and forfeitures	$ 10,000	$ 10,000	$ 11,722	$ 1,722
Investment earnings	-	-	110	110
Total Revenues	10,000	10,000	11,832	1,832
Expenditures				
Court System	17,700	17,700	9,750	7,950
Total Expenditures	17,700	17,700	9,750	7,950
Net Change in Fund Balance	$ (7,700)	$ (7,700)	2,082	$ 9,782
Fund Balance - Beginning of Year			10,736	
Fund Balance - End of Year			$ 12,818	

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - AGRICULTURAL FAIR
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Interest income	$ -	$ -	$ 66	$ 66
Miscellanous	109,000	133,856	133,790	(66)
Total Revenues	109,000	133,856	133,856	-
Expenditures				
Culture and Recreation	109,000	114,107	114,107	-
Total Expenditures	109,000	114,107	114,107	-
Net Change in Fund Balance	$ -	$ 19,749	19,749	$ -
Fund Balance - Beginning of Year			52,590	
Fund Balance - End of Year			$ 72,339	

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, 2018

(with comparative totals for 2017)

	2018	2017
Assets		
Cash	$ 492,744	$ 160,381
Accounts Receivable	140,125	88,296
Due from other funds	251,487	272,584
Due from other governments	5,394	-
Taxes Receivable	1,015,064	1,043,294
Total Assets	$ 1,904,814	$ 1,564,555
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	$ 1,267,636	$ 1,567,644
Note Payable	1,020,884	-
Deferred Inflows of Resources		
Unavailable Revenues	459,956	460,038
Total Liabilities and Deferred Inflows of Resources	2,748,476	2,027,682
Fund Balance		
Unassigned	(843,662)	(463,127)
Total Fund Balance	(843,662)	(463,127)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,904,814	$ 1,564,555

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2018

(with comparative totals for 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Taxes	$ 8,171,000	$ 8,889,000	$ 8,888,876	$ (124)	$ 8,688,439
Licenses and Permits	20,600	20,000	20,250	250	18,542
Fines and Forfeitures	610,000	480,000	459,676	(20,324)	517,617
Intergovernmental	253,150	340,000	337,250	(2,750)	413,776
Charges for Services	572,400	630,000	629,202	(798)	565,321
Miscellaneous	16,100	70,000	73,057	3,057	45,878
Total Revenues	9,643,250	10,429,000	10,408,311	(20,689)	10,249,573
Expenditures					
Current					
General Government	1,518,675	1,833,200	1,832,313	887	1,747,722
Public Safety	4,017,964	4,541,000	4,540,962	38	4,106,642
Court System	1,535,158	1,569,000	1,568,787	213	1,501,431
Roads and Bridges	33,750	323,000	322,837	163	141,944
Health and Welfare	365,457	367,600	367,992	(392)	365,912
Culture and Recreation	616,170	690,000	689,512	488	559,182
Sanitation	681,253	730,000	726,915	3,085	897,777
Total Expenditures	8,768,427	10,053,800	10,049,318	4,482	9,320,610
Excess (Deficiency) of Revenues Over Expenditures	874,823	375,200	358,993	(16,207)	928,963
Other Financing Sources (Uses)					
Transfers Out	(874,823)	(375,200)	(739,528)	(364,328)	(839,154)
Total Other Financing Sources (Uses)	(874,823)	(375,200)	(739,528)	(364,328)	(839,154)
Net Change in Fund Balance	$ -	$ -	(380,535)	$ (380,535)	$ 89,809
Fund Balances - Beginning			(463,127)		
Fund Balanced - End of Year			$ (843,662)		

CHATTOOGA COUNTY GEORGIA
SCHEDULE OF EXPENDITURES BY DEPARTMENTS
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2018

(with comparative totals for 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
General Government					
Commissioner's Office	$ 398,001	$ 445,500	$ 445,228	$ 272	$ 448,384
General Expenses	85,000	258,500	258,351	149	203,351
Buildings and Grounds	153,987	277,000	276,886	114	276,912
Registrar	48,569	48,000	48,497	(497)	31,998
Code Enforcement	46,325	51,200	51,282	(82)	39,935
Tax Assessors	390,707	370,000	369,547	453	369,246
Tax Commissioner	396,086	383,000	382,522	478	377,896
Total General Government	1,518,675	1,833,200	1,832,313	887	1,747,722
Public Safety					
Sheriff					
General	1,694,997	2,021,000	2,020,944	56	1,870,010
Jail	1,858,837	1,900,000	1,899,194	806	1,743,563
Emergency Services	8,750	10,000	10,053	(53)	9,830
Community Oriented Police	92,634	180,000	180,156	(156)	87,162
Total Sheriff	3,655,218	4,111,000	4,110,347	653	3,710,565
Animal Control	126,672	129,000	128,707	293	115,520
Fire Departments	190,600	221,000	220,996	4	210,619
Civil Defense	3,200	3,000	3,009	(9)	3,975
Coroner	42,274	43,000	43,471	(471)	44,268
Local Emergency Planning	-	34,000	34,432	(432)	21,695
Total Public Safety	4,017,964	4,541,000	4,540,962	38	4,106,642
Courts					
Clerk of Courts	339,204	329,000	328,241	759	325,538
Probate Court	333,826	334,000	334,804	(804)	293,783
Magistrate Court	196,124	194,000	193,407	593	189,873
Juvenile Court	83,689	143,000	142,978	22	116,011
Superior Court	98,062	85,000	84,719	281	97,327
State Court	205,814	193,000	192,705	295	191,625
Court Reporter and Public Defender	130,320	133,000	133,135	(135)	130,112
District Attorney	142,869	150,000	150,336	(336)	150,384
Probation Office	5,250	8,000	8,462	(462)	6,778
Total Courts	1,535,158	1,569,000	1,568,787	213	1,501,431
Roads and Bridges (Work Camp)	33,750	323,000	322,837	163	141,944
Health and Welfare					
Board of Health	160,532	160,000	160,457	(457)	162,353
Public Welfare	99,320	99,000	99,320	(320)	99,320
County Agent	83,505	91,000	90,583	417	82,110
Crisis Centers	21,100	17,000	17,032	(32)	21,729
Indigent Care	1,000	600	600	-	400
Total Health and Welfare	365,457	367,600	367,992	(392)	365,912
Culture and Recreation					
Public Library	82,000	103,000	102,601	399	82,891
Public Transportation	129,058	142,000	142,435	(435)	128,557
Senior and Civic Center	103,562	69,000	68,669	331	56,638
Economic Development	120,250	134,000	133,974	26	150,763
Boys and Girls Club	19,000	13,000	13,303	(303)	910
Agricultural Center	6,800	66,000	66,030	(30)	39,423
Recreation	155,500	163,000	162,500	500	100,000
Total Culture and Recreation	616,170	690,000	689,512	488	559,182
Sanitation					
Solid Waste and Water Project	681,253	730,000	726,915	3,085	897,777
Total Sanitation	681,253	730,000	726,915	3,085	897,777
Total Expenditures	$ 8,768,427	$ 10,053,800	$ 10,049,318	$ 4,482	$ 9,320,610

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2018

(with comparative totals for 2017)

	2018	2017
EXPENDITURES		
General Government -		
Commissioner's Office -		
Salaries - Commissioner	$ 120,859	$ 118,236
Salaries - Others	150,121	145,621
Benefits	67,356	66,129
Dues	5,488	5,519
Insurance	56,457	58,322
Office Expense	35,171	42,994
Telephone	2,528	2,535
Training and Travel	7,248	9,028
Capital Outlay	-	-
Total Commissioner's Office	445,228	448,384
General Expenses -		
Professional Services	96,978	89,064
Interest Expense	161,373	114,287
Total General Expenses	258,351	203,351
Building and Grounds -		
Salaries	113,561	111,808
Benefits	29,808	30,271
Insurance	849	919
Supplies	5,788	6,405
Maintenance	40,357	27,137
Utilities	86,523	100,372
Capital Outlay	-	-
Total Buildings and Grounds	276,886	276,912
Registrar -		
Salaries	37,693	22,075
Benefits	2,870	1,695
Insurance	502	544
Office Expense	3,491	4,237
Telephone	285	278
Training and Travel	725	955
Utilities	2,931	2,214
Capital Outlay	-	-
Total Registrar	48,497	31,998
Subtotal Carried Forward	1,028,962	960,645

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2018

(with comparative totals for 2017)

	2018	2017
Subtotal Brought Forward	$ 1,028,962	$ 960,645
EXPENDITURES - continued		
General Government - continued		
Code Enforcement -		
Salaries	36,155	27,469
Benefits	10,682	8,685
Insurance	2,553	1,639
Office Expense	1,294	1,426
Telephone	598	716
Total Code Enforcement	51,282	39,935
Tax Assessors -		
Salaries - Arbitrators	10,875	10,094
Salaries - Other	227,475	215,826
Benefits	85,670	79,177
Dues	1,911	305
Insurance	2,865	2,980
Legal	1,463	5,596
Office Expense	23,607	35,984
Telephone	1,710	1,012
Training and Travel	11,342	13,314
Capital Outlay	2,629	4,958
Total Tax Assessors	369,547	369,246
Tax Commissioner -		
Salaries - Tax Commissioner	61,475	60,048
Salaries - Others	149,939	147,047
Benefits	91,248	77,312
Auditors and Attorneys	25,317	32,963
Insurance	705	763
Office Expense	45,215	53,186
Telephone	1,353	1,108
Training and Travel	2,928	2,209
Capital Outlay	4,342	3,260
Total Tax Commissioner	382,522	377,896
Total General Government	**1,832,313**	**1,747,722**

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2018

(with comparative totals for 2017)

	2018	2017
EXPENDITURES - continued		
Public Safety -		
Sheriff - General		
Salaries - Sheriff	$ 74,817	$ 73,917
Salaries - Others	1,248,018	1,161,797
Benefits	359,527	342,075
Auditors and Attorneys	6,401	3,863
Dues	3,097	2,291
Insurance	72,663	71,032
Supplies	35,184	17,466
Repairs and maintenance	2,341	6,374
Telephone	6,934	6,436
Training and Travel	4,056	5,939
Capital Outlay	40,595	40,684
Vehicle Expense	156,359	130,458
Uniforms	10,952	7,678
Total Sheriff - General	2,020,944	1,870,010
Community Oriented Police -	180,156	87,162
Emergency Services -	10,053	9,830
Jail -		
Salaries	601,934	549,939
Benefits	166,488	148,044
Insurance	15,396	16,647
Supplies	42,187	41,340
Buildings and Grounds	60,238	59,383
Telephone	9,830	8,910
Training and Travel	2,009	4,336
Meals and Housing	828,541	748,846
Medical	166,856	159,459
Uniforms and Laundry	2,231	1,264
Capital Outlay	3,484	5,395
Total Jail	1,899,194	1,743,563
Total Sheriff	4,110,347	3,710,565
Animal Control -	128,707	115,520
Fire -	220,996	210,619
Civil Defense -	3,009	3,975
Subtotal Carried Forward	4,463,059	4,040,679

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2018

(with comparative totals for 2017)

	2018	2017
Subtotal Brought Forward	$ 4,463,059	$ 4,040,679
EXPENDITURES - continued		
Public Safety - continued		
Coroner -		
Salaries	19,581	19,997
Benefits	14,032	13,300
Training	1,419	1,286
Supplies	8,439	9,685
Total Coroner	43,471	44,268
Local Emergency Planning	34,432	21,695
Total Public Safety	**4,540,962**	**4,106,642**
Courts -		
Clerk of Courts -		
Salaries - Clerk	70,016	68,873
Salaries - Others	149,518	150,115
Salaries - Arbitrators	4,108	2,600
Benefits	58,839	58,296
Auditors and Attorneys	3,536	6,918
Insurance	904	976
Office Expense	31,992	28,382
Telephone	1,738	1,703
Training and Travel	6,123	6,677
Capital Outlay	1,467	998
Total Clerk of Courts	328,241	325,538
Probate Court -		
Salaries - Judge	107,604	105,106
Salaries - Others	105,817	105,593
Benefits	47,501	48,239
Auditors and Attorneys	2,675	7,684
Insurance	502	544
Office Expense	8,302	9,100
Telephone	2,897	2,670
Training and Travel	2,547	4,102
Election Expense	31,382	8,620
Poll Workers	23,404	-
Capital Outlay	2,173	2,125
Total Probate Court	334,804	293,783
Subtotal Carried Forward	663,045	619,321

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2018

(with comparative totals for 2017)

	2018	2017
Subtotal Brought Forward	$ 663,045	$ 619,321
EXPENDITURES - continued		
Courts - continued		
Juvenile Court -		
Salaries	53,003	52,800
Benefits	4,140	4,188
Office Expense	400	259
Court Appointed Attorneys	72,700	48,500
Court Reporters	12,735	10,264
Total Juvenile Court	142,978	116,011
Magistrate's Office -		
Salaries	141,461	139,546
Benefits	40,766	39,533
Auditors and Attorneys	3,221	1,500
Supplies	3,644	2,842
Insurance	402	436
Telephone	892	860
Training and Travel	1,693	2,928
Capital Outlay	1,328	2,228
Total Magistrate's Office	193,407	189,873
Superior Court -		
Salaries	12,694	12,694
Office Expense	1,043	2,020
Telephone	1,630	1,607
Court Reporters	21,230	26,965
Jurors	40,650	49,730
Witness Fees	2,372	771
Bailiffs and Administrators	5,100	3,540
Total Superior Court	84,719	97,327
Subtotal Carried Forward	1,084,149	1,022,532

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2018

(with comparative totals for 2017)

	2018	2017
Subtotal Brought Forward	$ 1,084,149	$ 1,022,532
EXPENDITURES - continued		
Courts - continued		
State Court -		
Salaries	128,832	128,434
Benefits	48,496	44,116
Insurance	299	324
Office Expense	2,015	2,910
Employee training	1,817	492
Telephone	424	556
Attorneys	5,547	7,709
Court Reporters	5,200	7,009
Witness Fees	75	75
Capital Outlay	-	-
Total State Court	192,705	191,625
District Attorney -		
Prorate Expenses	148,470	148,003
Office Expense	1,866	2,381
Capital Outlay	-	-
Total District Attorney	150,336	150,384
Probation Office -	8,462	6,778
Court Reporter and Public Defender -		
Salaries	17,251	14,400
Benefits	1,815	1,643
Attorney Fees	114,069	114,069
Total Court Reporter and Public Defender	133,135	130,112
Total Courts	**1,568,787**	**1,501,431**
Roads and Bridges-		
Salaries	103,185	82,446
Benefits	32,327	27,149
Gas, Oil, and Tires	105,131	3,533
Maintenance	17,406	2,395
Insurance	22,762	-
Supplies	26,028	12,263
Utilities	11,614	9,719
Telephone	4,384	4,439
Capital Outlay	-	-
Total Roads and Bridges	**322,837**	**141,944**

CHATTOOGA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES BY ACCOUNTS
GENERAL FUND
Year Ended December 31, 2018

(with comparative totals for 2017)

	2018	2017
EXPENDITURES - continued		
Health and Welfare -		
Board of Health	$ 160,457	$ 162,353
Public Welfare	99,320	99,320
County Agent	90,583	82,110
Child Advocacy Center	5,648	6,905
Family Crisis Center	5,460	7,205
Other Agencies	5,924	7,619
Hospital and Medical Care	600	400
Total Health and Welfare	**367,992**	**365,912**
Culture and Recreation -		
Public Library	102,601	82,891
Public Transportation	142,435	128,557
Civic, Senior, and Multi-purpose Centers	68,669	56,638
Economic Development	133,974	150,763
Greene Memorial Bullriding	-	910
Boys and Girls Club	13,303	-
Agricultural Center	66,030	39,423
Recreation	162,500	100,000
Total Culture and Recreation	**689,512**	**559,182**
Sanitation -		
Solid Waste	433,715	512,071
Salaries	137,497	121,745
Benefits	38,736	26,161
Insurance	5,931	6,870
Supplies	11,057	4,571
Gas, Oil, and Repairs	73,658	72,891
Landfill Maintenance	20,370	149,179
Utilities	5,951	4,289
Capital Outlay	-	-
Total Sanitation	**726,915**	**897,777**
TOTAL EXPENDITURES	**$ 10,049,318**	**$ 9,320,610**

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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, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental				
State Government - Special Project Local Option Sales Tax (SPLOST)	$ 2,000,000	$ 2,149,000	$ 2,148,945	$ (55)
Interest Income	100	1,300	1,292	(8)
Intergovernmental	532,042	1,075,000	1,075,882	882
Miscellaneous Income	15,750	26,000	26,608	608
Total Revenues	2,547,892	3,251,300	3,252,727	1,427
Expenditures				
Roads and Bridges				
Personnel	545,970	402,000	402,076	(76)
Benefits	180,739	128,000	127,749	251
Insurance	60,000	28,000	27,918	82
Professional fees	7,000	5,000	4,583	417
Capital Expenditures	945,491	1,035,000	1,034,936	64
Materials	190,100	87,000	87,009	(9)
Maintenance	36,300	31,000	31,233	(233)
Total Roads and Bridges	1,965,600	1,716,000	1,715,504	496
Intergovernmental Payments				
Municipal Contracts	820,000	890,000	890,805	(805)
Debt Service				
Principal	500,000	550,000	550,000	-
Interest expense	-	25,000	24,687	313
Total Expenditures	3,285,600	3,181,000	3,180,996	4
Excess of Revenues over Expenditures	(737,708)	70,300	71,731	1,431
Other Financing Sources (Uses)				
Proceeds from borrowing	-	224,000	224,308	308
Transfers-in	698,466	149,600	523,194	373,594
Net Change in Fund Balance	$ (39,242)	$ 443,900	819,233	$ 1,263,133
Fund Balances - Beginning			633,499	
Fund Balances - Ending			$ 1,452,732	

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, 2018
(with comparative totals for 2017)

	2018	2017
Assets		
Current Assets		
Cash and Cash Investments	$ 125,205	$ 110,670
Accounts Receivable	168,403	214,179
Inventory	17,550	34,165
Prepaid Expenses	4,930	5,932
Total Current Assets	316,088	364,946
Current Assets - Restricted		
Cash and Cash Investments	25,865	25,865
Total Current Restricted Assets	25,865	25,865
Noncurrent Assets		
Capital Assets		
Land	56,899	56,899
Buildings	145,810	145,810
Infrastructure	20,659,018	20,659,018
Equipment	847,887	850,090
Accumulated Depreciation	(5,469,096)	(5,017,248)
Total Capital Assets, Net of Depreciation	16,240,518	16,694,569
Total Noncurrent Assets	16,240,518	16,694,569
Total Assets	$ 16,582,471	$ 17,085,380
Liabilities		
Current Liabilities		
Accounts Payable	$ 63,017	$ 23,978
Deposits	148,320	200,596
Due to general fund	251,487	272,584
Bonds and Notes Payable	207,711	203,497
Total Current Liabilities	670,535	700,655
Noncurrent Liabilities		
Notes and Bonds Payable	8,104,878	8,312,589
Total Noncurrent Liabilities	8,104,878	8,312,589
Total Liabilities	8,775,413	9,013,244
Net Position		
Net investment in capital assets	7,927,929	8,178,483
Unrestricted	(120,871)	(106,347)
Total Net Position	$ 7,807,058	$ 8,072,136

CHATTOOGA COUNTY, GEORGIA
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
WATER REVENUE FUND
Year Ended December 31, 2018

(with comparative totals for 2017)

	2018	2017
Operating Revenues		
Charges for Services	$ 1,230,062	$ 1,196,931
Total Operating Revenues	1,230,062	1,196,931
Operating Expenses		
Personal Services	344,082	361,740
Supplies and Materials	394,434	341,058
Contractual Services	22,228	33,868
Depreciation	463,412	458,850
Total Operating Expenses	1,224,156	1,195,516
Income (Loss) from Operations	5,906	1,415
Nonoperating Revenues (Expenses)		
Interest Earned	11	14
Interest Expense	(270,995)	(276,026)
Grant and Donation Revenue	-	451,227
Total Nonoperating Revenue (Expenses)	(270,984)	175,215
Income (Loss) before other revenues	(265,078)	176,630
Capital Contributions	-	27,381
Change in Net Position	(265,078)	204,011
Net Position - Beginning of Year	8,072,136	7,868,125
Net Position - End of Year	$ 7,807,058	$ 8,072,136

CHATTOOGA COUNTY, GEORGIA
COMPARATIVE STATEMENTS OF CASH FLOWS
WATER REVENUE FUND
Year Ended December 31, 2018
(with comparative totals for 2017)

	2018	2017
Cash Flows from Operating Activities		
Cash received from customers	$ 1,223,561	$ 1,154,894
Cash payments to supplies for goods and services	(360,006)	(365,766)
Cash payments to employees for services	(344,082)	(361,740)
Net Cash Provided (Used) by Operating Activities	519,473	427,388
Cash Flows from Noncapital Financing Activities		
Loan from (payment to) general fund	(21,097)	195,565
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(9,361)	(534,940)
Reduction of Bond Debt Principal - Net	(203,496)	(274,444)
Interest Paid on Bonds and Notes	(270,995)	(278,126)
Grant and Donation Revenue	-	478,608
Net Cash Provided (Used) by Capital and Related Financing Activities	(483,852)	(608,902)
Cash Flows from Investing Activities		
Interest or Cash and Cash Investments	11	14
Increase (Decrease) in Cash and Cash Investments	14,535	14,065
Cash and Cash Investments - January 1	136,535	122,470
Cash and Cash Investments - December 31	$ 151,070	$ 136,535

CHATTOOGA COUNTY, GEORGIA
COMPARATIVE STATEMENTS OF CASH FLOWS
WATER REVENUE FUND
Year Ended December 31, 2018
(with comparative totals for 2017)

	2018	2017
Reconciliation of Income (Loss) from operations to net cash provided (used) by operating activities		
Income (Loss) from operations	$ 5,906	$ 1,415
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities		
Depreciation	463,412	458,850
Change in assets and liabilities:		
(Increase) Decrease in Accounts Receivable	45,776	(43,676)
Increase (Decrease) in Accounts Payable	39,039	4,417
(Increase) Decrease in Prepaid Expense	1,002	(209)
(Increase) Decrease in Inventory	16,615	4,952
Increase (Decrease) in Deposits	(52,276)	1,639
Net Cash Provided (Used) by Operating Activities	$ 519,474	$ 427,388
Reconciliation of Total Cash and Cash Investments		
Current Assets - Cash and Cash Investments	$ 125,205	$ 110,670
Restricted Assets - Cash and Cash Investments	25,865	25,865
Total Cash and Cash Investments	$ 151,070	$ 136,535

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Agency Funds

CHATTOOGA COUNTY, GEORGIA
COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS
December 31, 2018

	Agency Funds				
	Tax Commissioner	Clerk of Courts	Probate Judge	Magistrate Court	Total
Assets					
Cash	$ 125,083	$ 95,123	$ 1,437	$ 18,299	$ 239,942
Taxes Receivable (Net of Allowance for Uncollectible)	752,398	-	-	-	752,398
Total Assets	$ 877,481	$ 95,123	$ 1,437	$ 18,299	$ 992,340
Liabilities					
Accounts Payable	$ 106,641	$ 75,106	$ -	$ 17,242	$ 198,989
Due to Other Governments	770,840	20,017	1,437	1,057	793,351
Total Liabilities	$ 877,481	$ 95,123	$ 1,437	$ 18,299	$ 992,340

CHATTOOGA COUNTY, GEORGIA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended December 31, 2018

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
Tax Commissioner				
Assets				
Cash	$ 101,144	$ 14,950,684	$ 14,926,745	$ 125,083
Taxes Receivable (net of Allowances for Uncollectible)	775,058	752,398	775,058	752,398
Total	$ 876,202	$ 15,703,082	$ 15,701,803	$ 877,481
Liabilities				
Accounts Payable	$ 82,459	$ 106,641	$ 82,459	$ 106,641
Due to Other Funds	-	7,305,897	7,305,897	-
Due to Other Governments	793,743	8,290,544	8,313,447	770,840
Total	$ 876,202	$ 15,703,082	$ 15,701,803	$ 877,481
Clerk of Courts				
Assets				
Cash	$ 59,791	$ 800,932	$ 765,600	$ 95,123
Total	$ 59,791	$ 800,932	$ 765,600	$ 95,123
Liabilities				
Accounts Payable	$ 25,989	$ 107,233	$ 58,116	$ 75,106
Due to Other Funds	-	573,904	573,904	-
Due to Other Governments	33,802	119,795	133,580	20,017
Total	$ 59,791	$ 800,932	$ 765,600	$ 95,123
Probate Judge				
Assets				
Cash	$ 2,288	$ 118,186	$ 119,037	$ 1,437
Total	$ 2,288	$ 118,186	$ 119,037	$ 1,437
Liabilities				
Accounts Payable	$ 644	$ 7,500	$ 8,144	$ -
Due to Other Funds	-	82,491	82,491	-
Due to Other Governments	1,644	28,195	28,402	1,437
Total	$ 2,288	$ 118,186	$ 119,037	$ 1,437
Magistrate Judge				
Assets				
Cash	$ 20,782	$ 133,986	$ 136,469	$ 18,299
Total	$ 20,782	$ 133,986	$ 136,469	$ 18,299
Liabilities				
Accounts Payable	$ 19,540	$ 63,514	$ 65,812	$ 17,242
Due to Other Funds	-	54,096	54,096	-
Due to Other Governments	1,242	16,376	16,561	1,057
Total	$ 20,782	$ 133,986	$ 136,469	$ 18,299
Total - All Agency Funds				
Assets				
Cash	$ 184,005	$ 16,003,788	$ 15,947,851	$ 239,942
Taxes Receivable (Net of Allowances for Uncollectible)	775,058	752,398	775,058	752,398
Total	$ 959,063	$ 16,756,186	$ 16,722,909	$ 992,340
Liabilities				
Accounts Payable	$ 128,632	$ 284,888	$ 214,531	$ 198,989
Due to Other Funds	-	8,016,388	8,016,388	-
Due to Other Governments	830,431	8,454,910	8,491,990	793,351
Total	$ 959,063	$ 16,756,186	$ 16,722,909	$ 992,340

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Federal and State Compliance

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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, 2018 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 20, 2019. 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 18-01 and 18-02.

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 responses. 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 20, 2019

Financial Statement Findings

FS18-01 **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, 2018. Also in the Clerk of Court, ACH deposits were not receipted & recorded and went undetected. This resulted in an underpayment to other agencies. 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 begin using general ledgers. 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

FS18-02 **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, 2018

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	$ 3,445,830	$ 1,202,909	$ 4,648,739	$ 1,030,759
Buildings						
County	1,716,000	1,716,000	861,749	46,551	908,300	-
Water System Improvements						
County	624,000	624,000	247,517	9,972	257,489	-
Summerville	4,290,000	4,290,000	2,247,434	549,920	2,797,354	-
Trion	1,638,000	1,638,000	976,985	209,967	1,186,952	-
Lyerly	592,800	592,800	308,672	75,942	384,614	-
Menlo	429,000	429,000	224,606	54,976	279,582	-
Total	$ 15,600,000	$ 15,600,000	$ 8,312,793	$ 2,150,237	$ 10,463,030	$ 1,030,759

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, building improvements,and roads and bridges projects. This is effective for a six year period from January 1, 2014 through December 31, 2019.

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