CLINCH COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

For The Year Ended July 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Clinch County, Georgia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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.

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Clinch County, Georgia, as of July 31, 2014, and the respective changes in financial position 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 and budgetary comparison information on pages 4–10 and 39–41 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 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 Clinch County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and budget schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules 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 basic 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 nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying Schedules of Projects Constructed with Special Tax Proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015, on our consideration of the Clinch 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 Clinch County, Georgia's internal control over financial reporting and compliance.

Tillman & Tillman LLP

Tillman & Tillman, LLP

Valdosta, Georgia
March 30, 2015

CLINCH COUNTY, GEORGIA
Management's Discussion and Analysis
Required Supplemental Information
For the Year Ended July 31, 2014

As Management of the Clinch County, Georgia, we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the year ending July 31, 2014. We encourage our readers to consider the information presented within this Management's discussion and analysis in conjunction with the basic financial statements. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Financial Highlights

Key financial highlights for FY14 are as follows:

The County's total net position decreased by $1,226,547.

The County's governmental fund assets exceeded its liabilities at July 31, 2014 by $ 3,243,395 (fund balances). Of this amount $1,645,955 (unassigned fund balance) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current year, fund balance for the General Fund increased by $526,250 resulting in a fund balance of $2,002,189.

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the County as a financial whole or as an entire operating entity. The statements also provide a detailed look at specific financial conditions.

The County's basic financial statements are comprised of three components: the government -wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the County's overall financial status in a manner similar to a private-sector business.

The remaining statements are fund financial statements that focus on individual parts of the County government, reporting the County's operations in more detail that the government-wide statements.

Government-Wide Financial Statements

The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

Statement of Net Position and the Statement of Activities

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. The statement of activities presents information showing how the County's net position changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The change in net position is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, non-financial information such as changes in the County's tax base and the condition of the County's capital assets will also need to be evaluated.

In the statement of net position and the statement of activities, the County is divided into two kinds of activities:

Governmental Activities - Most of the County's programs and services are reported here, including general government, judicial, public safety, public works, health and human services, culture and recreation and housing and development. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

Component Unit - The County's financial statements include financial data of the Clinch County, Georgia Board of Health. This component unit is described in the notes to the financial statements. This component unit is separate and may buy, sell, lease, and mortgage property in its own name and can sue or be sued in its own name.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental fund is General Fund.

Governmental Funds—Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year-end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services being provided, along with the financial resources available.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's 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 facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

Notes to the Financial Statements—The notes provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

Other Information—In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules.

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Position:

Clinch County's Net Position

	Governmental Activities		Total Percentage Change
	2013	**2014**	**2013-2014**
Assets			
Current and other assets	$ 3,113,648	$ 3,523,215	13.15%
Capital assets, net	15,787,956	14,101,181	-10.68%
Total Assets	**18,901,604**	**17,624,396**	-6.76%
Liabilities			
Current and other liabilities	207,149	228,458	10.29%
Long-term liabilities	765,963	693,993	-9.40%
Total Liabilities	**973,112**	**922,451**	-5.21%
Net Position			
Invested in capital assets, net of related debt	14,971,536	13,354,269	-10.80%
Restricted	1,310,831	1,230,696	-6.11%
Unrestricted	1,646,125	2,116,980	28.60%
Total Net Position	**$ 17,928,492**	**$ 16,701,945**	-6.84%

As noted earlier, the County's net position, when reviewed over time, may serve as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by $16,701,945 as of July 31, 2014. A large portion of the County's net position (80%) reflects its investment in capital assets (e.g., land and improvements, buildings and building improvements, improvements other than buildings, machinery and equipment, vehicles, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (7.4%) represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted net position (13%) may be used to meet the County's ongoing obligations to citizens and creditors.

The next table shows the changes in net position for the year ending July 31, 2014.

Changes in Clinch County's Net Position

	Governmental Activities		Total Percentage Change
	2013	**2014**	**2013-2014**
Revenues			
Program Revenues			
Charges for services	$ 742,572	$ 784,510	5.65%
Operating grants and contributions	352,747	519,364	47.23%
Capital grants and contributions	388,206	664,991	71.30%
Total Program Revenues	1,483,525	1,968,865	32.72%
General Revenues			
Property taxes	2,573,417	2,691,325	4.58%
Sales taxes	1,049,694	1,006,916	-4.08%
Timber taxes	181,008	240,480	32.86%
Insurance premium taxes	164,840	171,324	3.93%
Other taxes	66,081	157,760	138.74%
Interest, penalties and costs - taxes	66,006	74,451	12.79%
Investment earnings	18,242	12,514	-31.40%
Miscellaneous	46,700	55,450	18.74%
Total General Revenues	4,165,988	4,410,220	5.86%
Total Revenues	**5,649,513**	**6,379,085**	**12.91%**
Expenses			
Governmental Activities:			
General Government			
Legislative and executive	$ 1,577,096	$ 1,600,514	1.48%
Judicial	487,955	460,684	-5.59%
Public safety	1,356,390	1,264,414	-6.78%
Public works	3,410,369	3,570,211	4.69%
Health and welfare	88,824	93,348	5.09%
Culture and recreation	163,067	150,647	-7.62%
Housing and development	91,250	439,198	381.31%
Interest on long-term debt	27,177	26,616	-2.06%
Total Expenses	7,202,128	7,605,632	5.60%
Change in Net Position	**(1,552,615)**	**$ (1,226,547)**	**-21.00%**
Net Position, Beginning	19,481,107	17,928,492	-7.97%
Net Position, Ending	**$ 17,928,492**	**$ 16,701,945**	**-6.84%**

Governmental Activities

The following table provides the total cost of services and the net cost of services for the governmental activities. The statement of activities reflects the cost of program services and the charges for services, and sales, grants, and contributions offsetting these services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Net Cost of Clinch County's Governmental Activities

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
Function	**2013**	**2014**	**2013-2014**	**2013**	**2014**	**2013-2014**
General Government						
Legislative and executive	$ 1,577,096	$ 1,600,514	1.48%	$ 1,264,455	$ 1,375,251	8.76%
Judicial	487,955	460,684	-5.59%	171,475	165,205	-3.66%
Public safety	1,356,390	1,264,414	-6.78%	1,083,942	1,033,895	-4.62%
Public works	3,410,369	3,570,211	4.69%	2,617,221	2,741,720	4.76%
Health and welfare	88,824	93,348	5.09%	134,841	64,017	-52.52%
Culture and recreation	163,067	150,647	-7.62%	73,409	150,647	105.22%
Housing and development	91,250	439,198	381.31%	89,620	79,416	-11.39%
Interest on long-term debt	27,177	26,616	-2.06%	28,551	26,616	-6.78%
Total	**$ 7,202,128**	**$ 7,605,632**	**5.60%**	**$ 5,463,514**	**$ 5,636,767**	**3.17%**

Financial Analysis of County Funds

The County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of July 31, 2014, the County's governmental funds reported a combined ending fund balance of $3,243,395, an increase of $416,560. Approximately 51% of this total ($1,645,955) represents unassigned fund balance, which is available for spending at the County's discretion but is currently held for adequate fund balance reserves for daily operations.

The General Fund is the primary operating fund of the County. At the end of July 31, 2014, the unassigned fund balance was $ 1,645,955.

Budgetary Highlights

By State statute, the Board of County Commissioners adopts the annual operating budget for the fiscal year on or before the fist day of the fiscal year. Changes were made to the adopted budget in some departments due to greater than expected expenditures such as rising gas prices and other unexpected cost and were offset by revenues exceeding the original budget.

Capital Assets

The County's investment in capital assets for governmental as of July 31, 2014, was $13,354,269 (net of accumulated depreciation and related debt). This investment in capital assets includes land and improvements, buildings and improvements, machinery and equipment, furniture and fixtures, vehicles and infrastructure.

Major capital asset events during FY14 included the acquisition of vehicles and equipment for various County departments and road improvements.

Note 6 (Capital Assets) provides additional information about capital asset activity during FY14.

Debt

At July 31, 2014, the County had total capital lease debt outstanding of $746,912.

In addition to the capital leases, the County's long-term obligations include compensated absences. Notes 8 and 9 provide information regarding these liabilities.

Economic Factors

Reduced expenditures contributed to an increase in the fund balance in the General Fund.

The County taxable digest went up by .30% in FY14.

Local option sales tax decreased 4.8% in FY14.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Clinch County Commission, County Clerk, 22 Court Square, Suite B, Homerville, Georgia 31634.

Component unit financial statements can be obtained from the Southeast Health District office and should be addressed to the Finance Director, 604 Riverside Avenue, Waycross, Georgia 31501.

CLINCH COUNTY, GEORGIA
STATEMENT OF NET POSITION
July 31, 2014

	Primary Government		Component Unit
	Governmental Activities	Total	Clinch County Board of Health
ASSETS			
Cash	$ 2,897,412	$ 2,897,412	$ 98,015
Taxes receivable	140,479	140,479	-
Accounts receivable	85,437	85,437	-
Notes receivable	276,251	276,251	-
Due from other governments	83,758	83,758	9,339
Net pension obligation asset	39,878	39,878	-
Nondepreciable capital assets	192,994	192,994	-
Depreciable capital assets, net	13,908,187	13,908,187	2,960
TOTAL ASSETS	17,624,396	17,624,396	110,314
LIABILITIES			
Accounts payable	77,503	77,503	-
Accrued liabilities	20,958	20,958	-
Due to other governments	30,154	30,154	-
Long-term liabilities:			
Due within one year:			
Capital leases payable	71,689	71,689	-
Compensated absences	28,154	28,154	9,370
Due in more than one year:			
Capital leases payable	675,223	675,223	-
Compensated absences	18,770	18,770	9,371
TOTAL LIABILITIES	922,451	922,451	18,741
NET POSITION			
Net investment in capital assets	13,354,269	13,354,269	2,960
Restricted for:			
Capital projects	881,249	881,249	-
Jail operations	13,947	13,947	-
Purposes designated by referendum	316,672	316,672	-
Drug enforcement	15,016	15,016	-
Law library	3,812	3,812	-
Prior year program income	-	-	67,142
Unrestricted	2,116,980	2,116,980	21,471
TOTAL NET POSITION	$ 16,701,945	$ 16,701,945	$ 91,573

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

CLINCH COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For The Year Ended July 31, 2014

FUNCTION/PROGRAM	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions, and Interest	Program Revenues: Capital Grants, Contributions, and Interest
Primary Government:				
GOVERNMENTAL ACTIVITIES				
General government				
Legislative	$ 1,600,514	$ 224,263	$ 1,000	$ -
Judicial	460,684	210,479	85,000	-
Public Safety	1,264,414	138,723	91,796	-
Public Works	3,570,211	181,714	331,786	314,991
Health and Welfare	93,348	29,331	-	-
Culture and Recreation	150,647	-	-	-
Housing and Development	439,198	-	9,782	350,000
Interest on Long-term Debt	26,616	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	7,605,632	784,510	519,364	664,991
TOTAL PRIMARY GOVERNMENT	$ 7,605,632	784,510	519,364	664,991
COMPONENTS UNITS				
Clinch County Board of Health	$ 362,074	$ 97,333	$ 247,097	$ -
TOTAL COMPONENT UNITS	$ 362,074	$ 97,333	$ 247,097	$ -

GENERAL REVENUES
Property taxes, levied for general purposes
Timber taxes
Sales taxes
Real estate transfer taxes
Railroad equipment car taxes
Insurance premium taxes
Beer and wine taxes
Intangible recording taxes
Interest, penalties and costs - delinquent taxes
Cable franchise tax
Interest on bank deposits
Other revenues

TOTAL GENERAL REVENUES

CHANGES IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		Component Unit
Governmental Activities	Total	Clinch County Board of Health
$ (1,375,251)	$ (1,375,251)	$ -
(165,205)	(165,205)	-
(1,033,895)	(1,033,895)	-
(2,741,720)	(2,741,720)	-
(64,017)	(64,017)	-
(150,647)	(150,647)	-
(79,416)	(79,416)	-
(26,616)	(26,616)	-
(5,636,767)	(5,636,767)	-
(5,636,767)	(5,636,767)	-
$ -	$ -	$ (17,644)
$ -	$ -	$ (17,644)
2,691,325	2,691,325	-
240,480	240,480	-
1,006,916	1,006,916	-
107,220	107,220	-
28,981	28,981	-
171,324	171,324	-
2,863	2,863	-
6,888	6,888	
74,451	74,451	-
11,808	11,808	
12,514	12,514	-
55,450	55,450	-
4,410,220	4,410,220	-
(1,226,547)	(1,226,547)	(17,644)
17,928,492	17,928,492	109,217
$ 16,701,945	$ 16,701,945	$ 91,573

CLINCH COUNTY, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
July 31, 2014

	General Fund	Capital Projects Funds: Public Roads Fund	Capital Projects Funds: 2009 Special Purpose Sales Tax Fund	Other Governmental Funds	Total
ASSETS					
Cash	$ 1,948,593	$ 542,815	$ 323,113	$ 82,892	$ 2,897,413
Taxes receivable	140,479	-	-	-	140,479
Accounts receivable	57,643	26,979	-	814	85,436
Note receivable	-	-	-	276,251	276,251
Due from other governments	27,023	-	56,735	-	83,758
TOTAL ASSETS	2,173,738	569,794	379,848	359,957	3,483,337
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	39,264	15,698	22,541	-	77,503
Accrued liabilities	13,251	-	-	-	13,251
Due to other governments	-	-	30,154	-	30,154
Deferred revenues	119,035	-	-	-	119,035
TOTAL LIABILITIES	171,550	15,698	52,695	-	239,943
FUND BALANCES					
Restricted for:					
Capital projects	-	554,096	327,153	-	881,249
Jail operations	-	-	-	13,947	13,947
Purposes designated by referendum	-	-	-	316,672	316,672
Drug enforcement	-	-	-	15,016	15,016
Drug education and treatment	-	-	-	9,553	9,553
Law library	-	-	-	3,812	3,812
Public safety	-	-	-	957	957
Assigned for:					
Property tax roll back	356,234	-	-	-	356,234
Unassigned reported in:					
General Fund	1,645,955	-	-	-	1,645,955
TOTAL FUND BALANCES	2,002,189	554,096	327,153	359,957	3,243,395
TOTAL LIABILITIES AND FUND BALANCES	$ 2,173,739	$ 569,794	$ 379,848	$ 359,957	$ 3,483,338

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

CLINCH COUNTY, GEORGIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
July 31, 2014

Total Governmental Fund Balances		$ 3,243,395
Amounts report for governmental activities on the statement of net position are different because of the following:		
Net Pension Obligation		
Pension assets resulting from contributions in excess of the annual required contribution		39,878
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 51,616,072	
Less accumulated depreciation	(37,514,891)	14,101,181
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental activities.		
Capital leases payable	(746,912)	
Capital leases accrued interest	(7,708)	
Compensated absences	(46,924)	(801,544)
Deferred revenue in governmental activities are susceptible to full accrual in the government-wide statement of net position.		
Deferred revenues		119,035
Net Position of Governmental Activities		$ 16,701,945

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

CLINCH COUNTY, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For The Year Ended July 31, 2014

	General Fund	Capital Projects Funds: Public Roads Fund	Capital Projects Funds: 2009 Special Purpose Sales Tax Fund	Other Governmental Funds	Total
REVENUES					
Taxes	$ 3,687,058	$ -	$ 682,051	$ -	$ 4,369,109
Licenses and permits	21,969	-	-	-	21,969
Intergovernmental revenues	330,936	638,741	-	354,451	1,324,128
Charges for services	483,986	-	-	-	483,986
Fines and forfeitures	90,077	-	-	31,263	121,340
Investment income	8,737	1,832	1,809	9,919	22,297
Miscellaneous	14,874	-	-	-	14,874
TOTAL REVENUES	4,637,637	640,573	683,860	395,633	6,357,703
EXPENDITURES					
Current:					
General Government					
Legislative and executive	1,591,462	-	-	1,000	1,592,462
Judicial	439,790	-	-	5,232	445,022
Public safety	1,083,508	-	27,568	29,386	1,140,462
Public works	720,063	249,962	267,257	350,005	1,587,287
Health and welfare	94,765	-	-	-	94,765
Culture and recreation	150,647	-	-	-	150,647
Housing and development	94,518	-	-	-	94,518
Intergovernmental	-	-	378,157	-	378,157
Capital outlay	-	98,004	293,906	-	391,910
Debt service					
Principle retirement	-	-	69,507	-	69,507
Interest	-	-	27,170	-	27,170
TOTAL EXPENDITURES	4,174,753	347,966	1,063,565	385,623	5,971,907
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	462,884	292,607	(379,705)	10,010	385,796
OTHER FINANCING SOURCES (USES):					
Proceeds of capital asset dispositions	30,764	-	-	-	30,764
Transfer In (Out)	32,602	-	-	(32,602)	-
TOTAL OTHER FINANCING SOURCES (USES):	63,366	-	-	(32,602)	30,764
NET CHANGE IN FUND BALANCE	526,250	292,607	(379,705)	(22,592)	416,560
FUND BALANCE, BEGINNING OF YEAR	1,475,939	261,489	706,858	382,549	2,826,835
FUND BALANCE AT END OF YEAR	$ 2,002,189	$ 554,096	$ 327,153	$ 359,957	$ 3,243,395

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

CLINCH COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended July 31, 2014

Net Change in Fund Balances - Total Governmental Funds		$ 416,560
Amounts report for governmental activities in the statement of activities are different because of the following:		
Net Pension Obligation		
Change in pension assets resulting from contributions in excess of the annual required contribution		(218)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets	405,045	
Current year depreciation expense	(2,091,820)	(1,686,775)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds		
Net change in deferred revenues - property taxes		(26,877)
Some expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds:		
Net change in accrued interest	552	
Net change in long-term compensated absences	703	1,255
Repayment of principal on debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of activities:		
Payments on long-term debt		69,508
Change in Net Position of Governmental Activities		$ (1,226,547)

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

CLINCH COUNTY, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
July 31, 2014

	Agency Funds
ASSETS	
Cash	$ 347,764
TOTAL ASSETS	$ 347,764
LIABILITIES	
Due to others	$ 347,764
TOTAL LIABILITIES	347,764
NET POSITION	$ -

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

Note 1 – Reporting Entity

The Entity. These financial statements present Clinch County, Georgia (the primary government) which is governed by an elected board and the Clinch County Board of Health, a discreetly presented component unit. 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 a fiscal dependency by the organization of the County

Based on the criteria of GASB 2100, the following entity is considered a component unit of Clinch County, Georgia:

The Clinch County Board of Health is a component unit based on the criteria of the County appointing a voting majority to the board, the County's ability to impose its will and fiscal dependency. The balance sheet and statement of revenues, expenditures, and changes in fund balance for Clinch County Board of Health are presented in these financial statements using the method of discrete presentation. A complete set of financial statements for the Clinch County Board of Health is presented in a separate report and can be obtained from the Southeast Health District office and should be addressed to the Finance Director, 604 Riverside Avenue, Waycross, Georgia 31501. Clinch County provided $68,723 in funding to the Board of Health for the year ending July 31, 2014

Joint Ventures The County, in conjunction with cities and counties in the (16) county Southeast Georgia area are members of the Southern Georgia Regional Commission. Membership in the Regional Commission is automatic for each municipality and county in the state. The official Code Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the Regional Commission's. Each county and municipality in the state is required by law to pay minimum annual dues to the Regional Commission. The County paid annual dues in the amount of $5,367 to the Regional Commission for the year ended July 31, 2014. The Regional Commission Board membership includes the Chief elected official of each county and municipality. The County Board members and municipal Board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from the County.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines a Regional Commission as "public agencies and instrumentality's of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an Regional Commission beyond its resources. (O.C.G. A. 50-8-39.1)

A copy of the financial report can be obtained at the following address:

Southern Georgia Regional Commission
3395 Harris Road
Waycross. Georgia 31503

Note 2 – Summary of Significant Accounting Policies

The financial statements of Clinch County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the County's accounting policies.

A. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or draws from the general revenues of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Note 2 - Summary of Significant Accounting Policies - Continued

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General Fund. The General Fund accounts for all financial resources, except those required to be accounted for in another fund. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

Capital Projects 2009 SPLOST Fund. The Capital Projects 2009 Special Purpose Sales Tax Fund accounts for the special purpose local option sales tax that was renewed by referendum. The revenue is restricted to the stated purposes of the referendum.

Public Roads Fund. The Public Roads Fund accounts for road improvement funds provided by the Georgia Department of Transportation through its Local Maintenance and Improvement Grants (LMIG) program.

The other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose; the accumulation of resources for, and the payment of debt, and the acquisition or construction of major capital projects.

Note 2 - Summary of Significant Accounting Policies - Continued

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The County's agency funds account for assets held by the County's Tax Commissioner, Clerk of Court, Sheriff , Magistrate Court and Probate Court for other governments or individuals.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Note 2 - Summary of Significant Accounting Policies - Continued

Revenues—Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days after year end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, grants, interest, and rent.

Deferred Revenues

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at July 31, 2014, but were levied to finance FY14 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred. Prepaid expenditures in governmental funds are recognized during the benefiting period.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Note 2 - Summary of Significant Accounting Policies – Continued

E. Budgetary Process

The County adopts annual budgets for the General Fund, Capital Projects Fund and Special Revenue Funds. The budgets are adopted on a basis substantially consistent with U.S. generally accepted accounting principles with the following exceptions. The County budget may present the use of appropriated beginning fund balances and the proceeds of short-term debt as other financing sources, and the repayment of short-term debt as other financing uses, when such elements are present in the adopted budget.

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

1. Prior to August 1, the Board of Commissioners prepares a proposed operating budget for the fiscal year commencing the following August 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayers' comments. Notice is given at least ten days in advance by publication in the official organ of Clinch County.

3. The budget is legally enacted through passage of an ordinance.

4. The budget is employed as a management control device during the year. Budgetary control is established at the department level. Management may not make changes without approval of the Board of Commissioners.

Budgeted amounts are presented as amended by the Clinch County Board of Commissioners.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is no utilized in the governmental funds.

G. Cash and Investments

Cash and cash equivalents are defined as short-term, highly liquid investments with a maturity of three months or less when purchased, that are readily convertible to know amounts of cash, and so near their maturity that they present insignificant rates of changes in value because of changes in interest rates.

The County's deposit policy limits deposit choices to checking accounts, money market accounts and certificates of deposits with local banks. All deposits are to be secured as required by state statutes. The state statute requires the deposits to be secured at an amount equal to the total deposits less FDIC insurance, and then multiplied by 110 percent.

The County is authorized to invest in funds in (1) obligations which constitute direct obligations of, or are unconditionally guaranteed by, the United States of America; (2) certificates of deposit issued by state and national banks located in the state of Georgia when secured by acceptable collateral; (3) obligations of the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank and Federal Bank of Cooperatives; and (4) bonds or other obligations issued by any public housing agency or municipality which are served by a pledge of annual contributors under contract with the United States Government, or project notes secured by a payment agreement with the United States Government.

Note 2 - Summary of Significant Accounting Policies - Continued

H. Inventory

Materials purchased are shown as expenditures when acquired are not inventoried at year end due to a lack of materiality.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset.

J. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The County maintains a capitalization threshold of $5,000. The County's infrastructure consists of roads, bridges, and culverts. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated, except for land and improvements and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Building Improvements	40 - 50 years
Machinery and Equipment	5 - 10 years
Furniture and Fixtures	5 - 10 years
Vehicles	5 - 10 years
Infrastructure	25 years

Capital assets include public domain (infrastructure) general capital assets consisting of improvements including roads and bridges for which historical cost information was available or could be estimated. All infrastructure acquired prior to the implementation of GASB 34 has been capitalized and reported.

K. Interfund Receivables/Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

Note 2 - Summary of Significant Accounting Policies - Continued

L. Compensated Absences

Vacation and sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation and sick leave when earned for all employees.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are not recognized as a liability and expenditure.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Loans and capital leases are recognized as a liability on the fund financial statements when due.

N. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

O. Fund Balances

The County has implemented GASB No. 54, Fund Balance Report and Governmental Fund Type Definitions. Under GASB Statement No. 54, fund balances are required to be reported in the following classifications:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form , or, for legal or contractual reasons, must be kept intact.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors, grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the County's highest level of decision-making authority, the County Board of Commissioners.

Note 2 - Summary of Significant Accounting Policies - Continued

O. Fund Balances - Continued

Assigned fund balance – Amounts that are constrained by the County's intent to be used for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the County Board of Commissioners, or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balances – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

The Board of Commissioners has assigned amounts for specific purposes which are reflected in the Governmental Funds Balance Sheet. The Commissioners would expend funds that are committed for a specific purpose as that event occurs. Commissioners would expend unassigned amounts first and then use assigned amounts if necessary.

P. Interfund Transactions

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 - Cash And Investments

The County maintains separate checking and investment accounts for each fund. The County's cash in bank balances represent balances in all accounts including general fund, special revenue funds, capital projects funds, and fiduciary funds.

At July 31, 2014 all deposits were collateralized by FDIC insurance and pledged securities by the banking entities.

Note 4 – Due From Other Governments

Due from other governments consisted of the following:

General Fund	
Georgia Department of Revenue	$ 27,023
Total - General Fund	27,023
Capital Project Funds	
2009 SPLOST Fund	
Georgia Department of Revenue	56,735
Total - 2009 SPLOST Fund	56,735
Total - Due From Other Governments	$ 83,758

Note 5 - Property Taxes

The County sets its property tax millage on the tax levy date each year. Taxes are levied on October 1. The property tax lien attaches to property in existence at January 1 of each year and is payable by December 20 of that year. The County collects taxes on real and personal property including motor vehicles and mobile homes. The Clinch County Tax Commissioner acts as collection agent for the County, Industrial Authority, Hospital Authority, Board of Education, and State of Georgia for taxes on real and personal property and for the City of Homerville for taxes on motor vehicles and mobile homes owned by City residents. Georgia stat law does not provide for maximum millage rates that the County may levy.

Deferred Revenue - Delinquent property taxes not collected within sixty (60) days after year-end is recognized as deferred revenue.

Note 6 – Capital Assets

A summary of the changes in general capital assets for the year ended July 31, 2014 is as follows:

	Balance at August 1, 2013	Additions	Reductions	Balance at July 31, 2014
Primary Government				
Governmental Activities:				
Nondepreciable Capital Assets:				
Land and improvements	$ 105,130	$ -	$ -	$ 105,130
Construction in progress	-	87,864	-	87,864
Total Nondepreciable Capital Assets	105,130	87,864	-	192,994
Depreciable Capital Assets:				
Buildings and building improvements	$ 2,492,226	$ -	$ -	$ 2,492,226
Machinery and equipment	1,685,340	125,473	55,700	1,755,113
Furniture and fixtures	434,057	5,776	-	439,833
Vehicles	1,148,916	51,350	67,119	1,133,147
Infrastructure	45,468,177	134,582	-	45,602,759
Total Depreciable Capital Assets	51,228,716	317,181	122,819	51,423,078
Less Accumulated Depreciation for:				
Buildings and building improvements	803,581	29,130	-	832,711
Machinery and equipment	914,739	118,104	55,700	977,143
Furniture and fixtures	421,455	6,259	-	427,714
Vehicles	656,377	113,042	67,119	702,300
Infrastructure	32,749,738	1,825,285	-	34,575,023
Total Accumulated Depreciation	35,545,890	2,091,820	122,819	37,514,891
Total Depreciable Capital Assets, Net	15,682,826	(1,774,639)	-	13,908,187
Governmental Activities Capital Assets, Net	$ 15,787,956	$ (1,686,775)	$ -	$ 14,101,181

Depreciation was charged to governmental functions as follows:

Governmental activities:	
General Government	
Legislative and Executive	$ 6,141
Judicial	11,258
Public Safety	128,359
Public Works	1,944,632
Housing and Development	1,430
Total Depreciation Expense - Governmental Activities	$ 2,091,820

Note 7 – Interfund Balances and Transfers

The composition of interfund balances as of July 31, 2014, is as follows:

	Transfer In	Transfer Out
General Fund		
Multiple Grant Fund	$ 32,602	$ -
	32,602	-
Special Revenue Funds		
Multiple Grant Fund		
General Fund	-	32,602
Total Governmental Funds	$ -	$ 32,602

Transfers were made from the multiple grant fund to the general fund to cover cost of grants that were paid out of the general fund until a grant reimbursement could be received.

Note 8 – Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused leave benefits. Unused leave benefits will be paid to employees upon separation from County services. The General Fund pays for any used compensated absences during a fiscal year.

	Balance at July 31, 2013	Additions	Reductions	Balance at July 31, 2014	Amount Due In One Year
Primary Government:					
Governmental Activities:					
Compensated absences	$ 47,627	$ 27,873	$ 28,576	$ 46,924	$ 28,154
Total Primary Government	$ 47,627	$ 27,873	$ 28,576	$ 46,924	$ 28,154
Component Unit - Board of Health:					
Compensated absences	$ 21,952	$ 7,765	$ 10,976	$ 18,741	$ 9,371

Note 9 - Long-Term Debt

The following is a summary of the debt transactions of the County for the fiscal year ended July 31, 2014:

	Balance at July 31, 2013	Additions	Reductions	Balance at July 31, 2014	Amount Due In One Year
Governmental Activities					
Capital leases	$ 816,420	$ -	$ 69,508	$ 746,912	$ 71,689
Total Governmental Activities	$ 816,420	$ -	$ 69,508	$ 746,912	$ 71,689

The original issue date, interest rate and original issue amount for the County's long-term obligations are as follows:

	Purpose	Original Issue Date	Interest Rate	Original Issue Amount	Maturity Date
Governmental Activities					
Capital Lease	Motor Graders	2012	3.45%	$ 806,200	2016
Capital Lease	Tractor	2013	2.30%	$ 112,054	2018

The accumulated amortization on the motor graders and tractor was 302,348 as of July 31, 2014. The FY14 amortization expense of $103,031 was included in the depreciation expense.

Note 9 - Long-Term Debt - Continued

The following is a summary of the County's future annual debt service requirements on long-term obligations:

Governmental Activities	
Capital Leases	
Principal	Interest
71,689	24,966
640,312	24,365
23,140	560
11,771	79
$ 746,912	$ 49,970

Note 10 – Component Unit

Clinch County Board of Health

Basis of Presentation The financial statements of the Clinch County Board of Health (Board) have been prepared in accordance with generally accepted accounting principles (GAAP) for local governmental units and, accordingly, reflect all significant receivables, payables, and other liabilities. The Board uses funds to report on its financial position and results of its operations. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results may differ from those estimates.

Basis of Accounting The accrual basis of accounting is followed by the Board. Revenues are recognized when an exchange takes place or when all eligibility requirements have been satisfied.

Cash and Cash Equivalents Cash and cash equivalents of the Board are not a part of the County's cash management pool and are reported as part of "Cash and Cash Equivalents in Segregated Accounts".

Property and Equipment Property and equipment are carried at cost or, if donated, the fair value on the date donated. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

Property and equipment as of July 31, 2014, was as follows:

Equipment	$ 90,278
Less Accumulated Depreciation	(87,318)
Net Property and Equipment	$ 2,960

Note 11 – Component Unit - Continued

Clinch County Board of Health

Retirement Plan

The employees of the Health Department participate in the Georgia State Employees Retirement System, a multi-employer, defined contribution plan. The Plan is administered by the State of Georgia, and accumulated benefits and Plan assets are not determined or allocated to the individual participating governmental entities. The Georgia State Employees' Retirement System of Georgia requires ten years of continuous service to become fully vested. Employees are required to pay 1.25% of gross earnings to the retirement account and .25% of gross earnings to the GTLI premiums except for employees covered by the new GSEPS plan that was effective January 1, 2009. The GSEPS plan employees contribute 1.25% of their gross pay and are not eligible for the GTLI. GSEPS participants are also eligible to participate in a 401K Plan with employer match contributions based on employee contributions. The County Board of Health makes annual contributions to the pension plan equal to the amount required as set by the Board of Trustees of the PERS as determined by the system's actuary. Employer contributions amounted to 13.71%, 18.46% and 15.18% of covered compensation for the fiscal year for participants in the old, new and GSEPS plan respectively for the year ended June 30, 2014.Employer contributions made for the year ended June 30, 2014 totaled $38,828. Ten-year historical trend information and relevant actuarial information may be obtained from the Employee's Retirement System, Two Northside 75, Suite 300, Atlanta, Georgia 30316-7778 or calling 1-404-352-6400.

Note 12 – Contingent Liabilities

There was no pending litigation, claims, or assessments against the County at July 31, 2014. In the opinion of County management, there were no unasserted claims or assessments that might have a material effect on the financial condition of the County.

The County receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the Federal and State Governments for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of County management, such disallowances, if any, will not be significant.

Note 13 – Pension Plan

A. Plan Description

The county contributes to the Association of County Commissioners of Georgia ("ACCG") Defined Benefit Plan ("Plan"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia.

The specific benefit provisions of the County's plan were established by an adoption agreement executed by the County Board of Commissioners. The Plan provides benefits upon retirement, death, disablement, and termination of employment, if certain eligibility conditions are met

B. Summary of Significant Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and incremental changes in the cash value of pre-retirement life insurance policies owned by the trust.

Plan member contributions are recognized in the period in which contributions are due. County contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 60% equities and 40% fixed income securities on a cost basis.

C. Membership

Participant counts as of January 1, 2014 (the most recent actuarial valuation date) and covered compensation (based on covered earnings for the preceding year) are shown below:

Plan Membership	
Retirees, Beneficiaries and Disables receiving benefits	6
Disabled in pay status	-
Terminated plan participants entitled to but not receiving benefits	19
Active employees participating in the Plan	12
Total	37
Covered compensation for active participants	$ 530,180

The Plan was frozen by the County in July, 1998. The County will be responsible for making future contributions based on actuarial computations to fund the plan at the required level to pay projected retirement benefits to the Plan's participants.

Note 13 – Pension Plan - Continued

D. Funding Policy

The county is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the minimum funding standards for state and local governmental pension plans. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirements.

Employees who are eligible to participate in the plan are not required to contribute, but may elect to contribute as noted under the Defined Contribution Plan note below.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend from time to time, the contribution rates for the County and its plan participants.

Analysis of funding progress is presented for the most recent six years:

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
December 31, 2013	715,454	944,533	229,079	75.7%	530,180	43.2%
December 31, 2012	639,049	938,725	299,676	68.1%	551,913	54.3%
December 31, 2011	608,839	882,321	273,482	69.0%	541,553	50.5%
December 31, 2010	585,286	846,674	261,388	69.1%	540,464	48.4%
December 31, 2009	554,820	794,467	239,647	69.8%	537,834	44.6%
December 31, 2008	513,208	731,981	218,773	70.1%	638,164	34.3%

E. Annual Pension Cost and Net Pension Obligation (Asset)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation as of January 1, 2014. The following summarizes the actuarial methods and assumptions used that valuation:

Current Valuation Date	January 1, 2014
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	2.5%-5.0% based on age
Expected Annual Inflation	3.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (Closed)
Remaining Amortization Period*	10 Years

* - Represents the estimated amortization period of all unfunded liabilities combined into one amortization base.

Note 13 – Pension Plan - Continued

E. Annual Pension Cost and Net Pension Obligation (Asset) - Continued

The County's annual pension cost and net pension obligation for the pension plan for the current year were determined as follows:

Derivation of Annual Pension Cost:

Annual Required Contribution	$ 51,997
Interest on Net Pension Obligation	(2,991)
Amortization of Net Pension Obligation	3,249
Annual Pension Cost	$ 52,255

Derivation of Net Pension Obligation:

Net Pension Obligation as of the Beginning of Prior Year	$ (40,096)
Annual Pension Cost of Prior Year	45,278
Actual Contributions to Plan for Prior Year	45,060
Increase in Net Pension Obligation	218
Net Pension Obligation as of Beginning of the Year	$ (39,878)

TREND INFORMATION FOR THE PLAN

Fiscal Year Ending	Annual Pension Cost	Actual County Contribution	Percentage Contributed	Net Pension Obligation (Asset)
July 31, 2014	$ 52,255	$ 51,997	99.5%	$ (39,878)
July 31, 2013	45,278	45,060	99.5%	(40,096)
July 31, 2012	25,174	30,323	120.5%	(34,947)
July 31, 2011	25,914	30,721	118.5%	(30,140)
July 31, 2010	25,759	30,950	120.2%	(24,949)
July 31, 2009	33,032	36,935	111.8%	(21,046)

Note 14 – Other Pension Plans

In addition to the above retirement plan, of which the County is administrator, the following retirement plans are in effect but are not under the direct control of the County:

1) Probate Judges' Retirement Fund of Georgia
2) Clerk of Superior Court Retirement Fund
3) Sheriffs' Retirement Fund/Peace Officers' Annuity and Benefit Fund

which provide for certain sums from marriage licenses, fees, fines and forfeitures to be remitted directly to the pension plans before the payment of any costs or other claims.

A copy of financial reports for these pension plans can be obtained a the following address:

GEBCorp
400 Galleria Parkway
Suite 1250
Atlanta, Georgia 30339

Defined Contribution Money Purchase Plan:

In July 1998, the County adopted the Clinch County Money Purchase Plan, a defined contribution plan. The plan is an IRC Section 401(a)/457 Match Plan. Equitable Life Assurance Society sponsors the 401(a) portion of the Plan and the 457 plan. The plans are administered by Momentum Administrative Services.

Under the plan, all full-time permanent employees are eligible for participation. The County makes a base contribution to the 401(a) plan equal to 3% of each employee's salary. The employee may contribute up to 25% of their salary to the deferred compensation plan subject to an annual maximum of $8,000. For employees participating in the deferred compensation program, the County will make an additional matching contribution to the 401(a) plan equal to 50% of the employee's contribution up to a maximum of 6% of the employee's salary. The combined maximum contribution by the County is 6% of the employee's salary. During the year ended July 31, 2014, the plan members contributed $28,730 and the County contributed $90,468 to the plan.

The contributions to the 401(a) plan are 100% vested after 3 years of service. The 457 plan employee deferrals are 100% vested immediately. Employees may choose their own investments from among those offered by the Clinch County 401(a) / 457 Match Plan.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend from time to time, the contribution rate for the County and its plan members.

Note 14 – Other Pension Plans - Continued

Deferred Compensation Plan:

The Clinch County Board of Commissioners offers all Clinch County employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457, as part of the match plan described in Note 7. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in Clinch County, Georgia's financial statements.

Note 15 – Risk Financing Activities

The County may be subject to risk of loss due to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County covers these risk through the purchase of insurance coverage through the ACCG – Group Self-Insurance Workers' Compensation Fund and the ACCG – Interlocal Risk Management Agency. These are public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's 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 pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

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

Settled claims in the past three years have not exceeded the coverage. There was no significant reduction in insurance coverage from the prior year.

Note 16 – Expenditures in Excess of Appropriations

The following funds' expenditures/expenses exceeded appropriations:

	Expenditures/ Expenses Actual	Appropriations	Amount Exceeding Appropriations
General Fund:			
Drug Task Force	47,367	47,269	98
Public Defender	36,164	35,298	866
Department of Family and Children Services	22,425	22,400	25

Note 17 – Subsequent Event

Subsequent events were evaluated through March 30, 2015 which is the date of the financial statements were available to be issued

REQUIRED SUPPLEMENTAL INFORMATION

CLINCH COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For The Year Ending July 31, 2014

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Taxes	$ 3,307,539	$ 3,388,538	$ 3,687,058	$ 298,520
Licenses and permits	15,913	15,913	21,969	6,056
Intergovernmental revenues	269,011	269,011	330,936	61,925
Charges for services	520,610	520,610	483,986	(36,624)
Fines and forfeitures	75,000	75,000	90,077	15,077
Investment income	11,500	11,500	8,737	(2,763)
Miscellaneous	37,015	37,015	14,874	(22,141)
Total Revenues	$ 4,236,588	$ 4,317,587	$ 4,637,637	$ 320,050
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative and executive				
Commissioners' Office	$ 200,278	$ 226,688	$ 224,351	$ (2,337)
Tax Assessor's Office	86,198	86,198	82,915	(3,283)
Tax Commissioner's Office	122,666	122,666	121,162	(1,504)
Equalization Board	4,100	4,100	2,198	(1,902)
Public Buildings	156,127	145,627	133,716	(11,911)
Elections	72,834	88,534	80,277	(8,257)
Non-Departmental	925,856	956,806	946,843	(9,963)
Total General Government	1,568,059	1,630,619	1,591,462	(39,157)
JUDICIAL				
Superior Court	43,335	31,335	19,841	(11,494)
Clerk of Courts	115,071	115,071	108,890	(6,181)
District Attorney	16,000	16,000	14,371	(1,629)
Juvenile Court	89,800	85,000	85,000	-
Public Defender	35,298	35,298	36,164	866
Probate Court	184,116	184,116	175,524	(8,592)
Total Judicial	483,620	466,820	439,790	(27,030)
PUBLIC SAFETY				
Sheriff	513,838	518,212	493,811	(24,401)
Drug Task Force	47,269	47,269	47,367	98
Fire Protection	30,663	30,663	24,433	(6,230)
E-911 Service	141,711	141,711	127,732	(13,979)
Emergency Management Agency	12,000	25,739	24,279	(1,460)
Emergency Medical Services	164,350	168,440	167,100	(1,340)
Coroner Office	12,307	15,332	14,485	(847)
School Resource Officer	18,000	19,326	19,326	-
Jail	190,278	184,578	164,975	(19,603)
Total Public Safety	1,130,416	1,151,270	1,083,508	(67,762)

See independent auditor's report.

CLINCH COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For The Year Ending July 31, 2014

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PUBLIC WORKS				
Road Department	437,493	445,693	444,279	(1,414)
Solid Waste Management	266,038	289,038	275,784	(13,254)
Total Public Works	$ 703,531	$ 734,731	$ 720,063	$ (14,668)
HEALTH AND WELFARE				
Public Health Services	$ 77,568	$ 77,568	$ 71,043	$ (6,525)
Concerted Services	1,400	1,400	1,297	(103)
Department of Family and Children Services	22,400	22,400	22,425	25
Total Health and Welfare	101,368	101,368	94,765	(6,603)
CULTURE AND RECREATION				
Recreation	55,900	55,900	51,251	(4,649)
Senior Center	81,269	82,269	80,396	(1,873)
Library	19,000	19,000	19,000	-
Total Culture and Recreation	156,169	157,169	150,647	(6,522)
HOUSING AND DEVELOPMENT				
Forestry	52,161	52,161	52,161	-
County Agent's Office	38,264	38,264	35,602	(2,662)
Building Inspections	3,000	7,431	6,755	(676)
Total Community Development	93,425	97,856	94,518	(3,338)
TOTAL EXPENDITURES	4,236,588	4,339,833	4,174,753	(165,080)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	(22,246)	462,884	485,130
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	5,295	30,764	25,469
Transfer in	-	16,951	32,602	15,651
TOTAL OTHER FINANCING SOURCES (USES)	-	22,246	63,366	41,120
NET CHANGE IN FUND BALANCE	-	-	526,250	526,250
FUND BALANCES				
FUND BALANCE AT BEGINNING OF YEAR	-	-	1,475,939	1,475,939
FUND BALANCE, END OF YEAR	$ -	$ -	$ 2,002,189	$ 2,002,189

See independent auditor's report.

Note 1 – Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the Budgetary Basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedules of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual for the general and major special revenue funds are presented on the Budgetary Basis to provide a meaningful comparison of actual results with the budget. Beginning fund balances were budgeted under the Budgetary Basis.

COMBINING AND INDIVIDUAL FUND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital assets.

Public Roads Fund – To account road maintenance funds provided through the Georgia Department of Transportation Local Maintenance and Improvement Grants (LMIG) program.

Capital Projects 2009 Special Purpose Sales Tax Fund – To account for the special purpose local option sales tax that was approved by 2009 referendum. The revenue is restricted to the stated purposes of the referendum.

CLINCH COUNTY, GEORGIA
PUBLIC ROADS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For The Year Ended July 31, 2014

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Intergovernmental revenue	$ 867,928	$ 867,928	$ 638,741	$ (229,187)
Investment income	3,000	3,000	1,832	(1,168)
TOTAL REVENUES	870,928	870,928	640,573	(230,355)
EXPENDITURES				
Current				
Public works	870,928	870,928	249,962	(620,966)
Capital outlay	-	-	98,004	98,004
TOTAL EXPENDITURES	870,928	870,928	347,966	(522,962)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	292,607	292,607
FUND BALANCE BEGINNING OF YEAR	-	-	261,489	261,489
FUND BALANCE END OF YEAR	$ -	$ -	$ 554,096	$ 554,096

See independent auditor's report.

CLINCH COUNTY, GEORGIA
2009 SPECIAL PURPOSE SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For The Year Ended July 31, 2014

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Taxes	$ 655,414	$ 655,414	$ 682,051	$ 26,637
Investment income	4,800	4,800	1,809	(2,991)
TOTAL REVENUES	660,214	660,214	683,860	23,646
EXPENDITURES				
Current				
Public safety	81,568	81,568	27,568	(54,000)
Public works	644,071	644,071	267,257	(376,814)
Intergovernmental	363,256	363,256	378,157	14,901
Capital outlay	-	-	293,906	293,906
Debt service	-	-	96,677	96,677
TOTAL EXPENDITURES	1,088,895	1,088,895	1,063,565	(25,330)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(428,681)	(428,681)	(379,705)	48,976
FUND BALANCE BEGINNING OF YEAR	428,681	428,681	706,858	278,177
FUND BALANCE END OF YEAR	$ -	$ -	$ 327,153	$ 327,153

See independent auditor's report.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specific purposes.

Capital Projects Special Purpose Sales Tax Fund – To account for the special purpose local option sales tax that was approved by referendum. The revenue is restricted to the stated purposes of the referendum.

Multiple Grant Fund – To account for funds received through various grants for a specific purpose.

Jail Fund – To account for accounts for fine income specified for jail operations and the revenue is restricted for those purposes.

Law Library Fund – To account for funds accessed with fines and designated for the maintenance of a law library

D.A.T.E. Fund – To account for fine income specified for drug addiction treatment and education.

Revolving Loan Fund. The Revolving Loan Fund accounts for financing of various projects with economic development impact to the citizens of Clinch County. The fund was established initially through federal and state grants.

Sheriff's Drug Fund – To account for funds received through drug seizures.

CLINCH COUNTY, GEORGIA
ALL NONMAJOR FUNDS
COMBINING BALANCE SHEET
July 31, 2014

	Special Revenue Funds						
	Multiple Grant Fund	Jail Fund	Law Library Fund	D.A.T.E. Fund	Revolving Loand Fund	Sheriff's Drug Fund	Total
ASSETS							
Cash	$ 957	$ 13,369	$ 3,812	$ 9,317	$ 40,421	$ 15,016	$ 82,892
Note receivable	-	-	-	-	276,251	-	276,251
Accounts receivable	-	578	-	236	-	-	814
TOTAL ASSETS	$ 957	$ 13,947	$ 3,812	$ 9,553	$ 316,672	$ 15,016	$ 359,957
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES							
Restricted for:							
Law library	-	-	3,812	-	-	-	3,812
Drug education and treatment	-	-	-	9,553	-	-	9,553
Purposes designated by referendum	-	-	-	-	316,672	-	316,672
Drug enforcement	-	-	-	-	-	15,016	15,016
Jail operations	-	13,947	-	-	-	-	13,947
Public safety	957	-	-	-	-	-	957
TOTAL FUND BALANCES	957	13,947	3,812	9,553	316,672	15,016	359,957
TOTAL LIABILITIES AND FUND BALANCES	$ 957	$ 13,947	$ 3,812	$ 9,553	$ 316,672	$ 15,016	$ 359,957

See independent auditor's report.

CLINCH COUNTY, GEORGIA
ALL NONMAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Year Ended July 31, 2014

	Special Revenue Funds						
	Multiple Grant Fund	Jail Fund	Law Library Fund	D.A.T.E. Fund	Revolving Loan Fund	Sheriff's Drug Fund	Total
REVENUES							
Fines and forfeitures	$ -	$ 14,296	$ 4,617	$ 3,943	$ -	$ 8,407	$ 31,263
Intergovernmental revenue	4,451	-	-	-	350,000	-	354,451
Investment income	58	38	-	-	9,823	-	9,919
Miscellaneous income	-	-	-	-	-	-	-
TOTAL REVENUES	4,509	14,334	4,617	3,943	359,823	8,407	395,633
EXPENDITURES							
Current:							
Legislative and executive	1,000	-	-	-	-	-	1,000
Judicial	-	-	5,232	-	-	-	5,232
Public safety	-	13,149	-	4,405	-	11,832	29,386
Housing and development	-	-	-	-	350,005	-	350,005
TOTAL EXPENDITURES	1,000	13,149	5,232	4,405	350,005	11,832	385,623
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	3,509	1,185	(615)	(462)	9,818	(3,425)	10,010
OTHER FINANCING USES:							
TRANSFERS OUT	(32,602)	-	-	-	-	-	(32,602)
TOTAL OTHER FINANCING USES	(32,602)	-	-	-	-	-	(32,602)
NET CHANGE IN FUND BALANCES	(29,093)	1,185	(615)	(462)	9,818	(3,425)	(22,592)
FUND BALANCE, BEGINNING OF YEAR	30,050	12,762	4,427	10,015	306,854	18,441	382,549
FUND BALANCE, END OF YEAR	$ 957	$ 13,947	$ 3,812	$ 9,553	$ 316,672	$ 15,016	$ 359,957

See independent auditor's report.

CLINCH COUNTY, GEORGIA
MULTIPLE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For The Year Ended July 31, 2014

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Intergovernmental revenues	$ 24,580	$ 24,580	$ 4,451	$ (20,129)
Investment income	132	132	58	(74)
TOTAL REVENUES	24,712	24,712	4,509	(20,203)
EXPENDITURES				
Current:				
Legislative and executive	3,500	3,500	1,000	(2,500)
Public safety	132	132	-	(132)
TOTAL EXPENDITURES	3,632	3,632	1,000	(2,632)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	21,080	21,080	3,509	(17,571)
OTHER FINANCING USES:				
TRANSFERS OUT	(21,080)	(21,080)	(32,602)	(11,522)
TOTAL OTHER FINANCING USES	(21,080)	(21,080)	(32,602)	(11,522)
NET CHANGE IN FUND BALANCES	-	-	(29,093)	(29,093)
FUND BALANCE BEGINNING OF YEAR	-	-	30,050	30,050
FUND BALANCE END OF YEAR	$ -	$ -	$ 957	$ 957

See independent auditor's report.

CLINCH COUNTY, GEORGIA
JAIL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For The Year Ended July 31, 2014

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Fines and forfeitures	$ 13,728	$ 13,728	$ 14,296	$ 568
Investment income	100	100	38	(62)
TOTAL REVENUES	13,828	13,828	14,334	506
EXPENDITURES				
Current:				
Public safety	25,500	25,500	13,149	(12,351)
TOTAL EXPENDITURES	25,500	25,500	13,149	(12,351)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(11,672)	(11,672)	1,185	12,857
FUND BALANCE BEGINNING OF YEAR	11,672	11,672	12,762	1,090
FUND BALANCE END OF YEAR	$ -	$ -	$ 13,947	$ 13,947

See independent auditor's report.

CLINCH COUNTY, GEORGIA
LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For The Year Ended July 31, 2014

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Fines and forfeitures	$ 4,270	$ 4,270	$ 4,617	$ 347
TOTAL REVENUES	4,270	4,270	4,617	347
EXPENDITURES				
Current:				
Judicial	8,652	8,652	5,232	(3,420)
TOTAL EXPENDITURES	8,652	8,652	5,232	(3,420)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(4,382)	(4,382)	(615)	3,767
FUND BALANCE BEGINNING OF YEAR	4,382	4,382	4,427	45
FUND BALANCE END OF YEAR	$ -	$ -	$ 3,812	$ 3,812

See independent auditor's report.

CLINCH COUNTY, GEORGIA
D.A.T.E FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For The Year Ended July 31, 2014

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Fines and forfeitures	$ 5,100	$ 5,100	$ 3,943	$ (1,157)
TOTAL REVENUES	5,100	5,100	3,943	(1,157)
EXPENDITURES				
Current:				
Health and welfare	14,300	14,300	4,405	(9,895)
TOTAL EXPENDITURES	14,300	14,300	4,405	(9,895)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(9,200)	(9,200)	(462)	8,738
FUND BALANCE BEGINNING OF YEAR	9,200	9,200	10,015	815
FUND BALANCE END OF YEAR	$ -	$ -	$ 9,553	$ 9,553

See independent auditor's report.

CLINCH COUNTY, GEORGIA
REVOLVING LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For The Year Ended July 31, 2014

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Interbovernmental revenue	$ -	$ -	$ 350,000	$ 350,000
Investment income	8,032	8,032	9,823	1,791
TOTAL REVENUES	8,032	8,032	359,823	351,791
EXPENDITURES				
Current:				
Housing and development	141,032	141,032	350,005	208,973
TOTAL EXPENDITURES	141,032	141,032	350,005	208,973
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(133,000)	(133,000)	9,818	142,818
FUND BALANCE BEGINNING OF YEAR	133,000	133,000	306,854	173,854
FUND BALANCE END OF YEAR	$ -	$ -	$ 316,672	$ 316,672

See independent auditor's report.

CLINCH COUNTY, GEORGIA
SHERIFF'S DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For The Year Ended July 31, 2014

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Fines and forfeitures	$ 18,092	$ 18,092	$ 8,407	$ (9,685)
TOTAL REVENUES	18,092	18,092	8,407	(9,685)
EXPENDITURES				
Current:				
Public safety	29,868	29,868	11,832	(18,036)
TOTAL EXPENDITURES	29,868	29,868	11,832	(18,036)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(11,776)	(11,776)	(3,425)	8,351
FUND BALANCE BEGINNING OF YEAR	11,776	11,776	18,441	6,665
FUND BALANCE END OF YEAR	$ -	$ -	$ 15,016	$ 15,016

See independent auditor's report.

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or funds.

Tax Commissioner - to account for the collection of property taxes, motor vehicle tax and title fees and mobile home fees, etc. which are disbursed to various taxing units.

Clerk of Superior Court - to account for the collection of various fines, forfeitures, jury fund receipts, real estate transfer taxes, recording of intangibles, fees, civil awards, etc. which are disbursed to other parties.

Magistrate Court - to account for the collection of fees in jurisdiction of small claims courts, which are disbursed to other parties.

Office of Sheriff - to account for collection of cash bonds, fines, forfeitures, etc. which are disbursed to other parties.

Probate Court - to account for the collection of fees for a probate of wills, administration of estates, issuance of marriage licenses ad maintenance of other vital records which are disbursed to other parties.

CLINCH COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
July 31, 2014

	AGENCY FUNDS					
	TAX COMMISSIONER	PROBATE COURT	CLERK OF SUPERIOR COURT	OFFICE OF SHERIFF	MAGISTRATE COURT	TOTAL
ASSETS						
Cash	$ 251,158	$ 7,033	$ 75,013	$ 7,919	$ 6,641	$ 347,764
TOTAL ASSETS	$ 251,158	$ 7,033	$ 75,013	$ 7,919	$ 6,641	$ 347,764
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Due to others	$ 251,158	$ 7,033	$ 75,013	$ 7,919	$ 6,641	$ 347,764
TOTAL LIABLITIES	$ 251,158	$ 7,033	$ 75,013	$ 7,919	$ 6,641	$ 347,764
NET POSITION	$ -	$ -	$ -	$ -	$ -	$ -

See independent auditor's report.

CLINCH COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
For The Year Ending July 31, 2014

	Balance August 1, 2013	Additions	Deductions	Balance July 31, 2014
OFFICE OF TAX COMMISSIONER				
ASSETS				
Cash	$ 323,092	$ 8,929,520	$ 9,001,454	$ 251,158
TOTAL ASSETS	$ 323,092	$ 8,929,520	$ 9,001,454	$ 251,158
LIABILITIES				
Due to others	$ 323,092	$ 8,929,520	$ 9,001,454	$ 251,158
TOTAL LIABILITIES	$ 323,092	$ 8,929,520	$ 9,001,454	$ 251,158
PROBATE COURT				
ASSETS				
Cash	$ 6,955	$ 67,260	$ 67,182	$ 7,033
TOTAL ASSETS	$ 6,955	$ 67,260	$ 67,182	$ 7,033
LIABILITIES				
Due to others	$ 6,955	$ 67,260	$ 67,182	$ 7,033
TOTAL LIABILITIES	$ 6,955	$ 67,260	$ 67,182	$ 7,033
CLERK OF COURT				
ASSETS				
Cash	$ 70,045	$ 493,371	$ 488,403	$ 75,013
TOTAL ASSETS	$ 70,045	$ 493,371	$ 488,403	$ 75,013
LIABILITIES				
Due to others	$ 70,045	$ 493,371	$ 488,403	$ 75,013
TOTAL LIABILITIES	$ 70,045	$ 493,371	$ 488,403	$ 75,013

See independent auditor's report.

CLINCH COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - CONTINUED
For The Year Ending July 31, 2014

	Balance August 1, 2013	Additions	Deductions	Balance July 31, 2014
OFFICE OF SHERIFF				
ASSETS				
Cash	$ 6,433	$ 43,827	$ 42,341	$ 7,919
TOTAL ASSETS	$ 6,433	$ 43,827	$ 42,341	$ 7,919
LIABILITIES				
Due to others	$ 6,433	$ 43,827	$ 42,341	$ 7,919
TOTAL LIABILITIES	$ 6,433	$ 43,827	$ 42,341	$ 7,919
MAGISTRATE COURT				
ASSETS				
Cash	$ 9,131	$ 124,440	$ 126,930	$ 6,641
TOTAL ASSETS	$ 9,131	$ 124,440	$ 126,930	$ 6,641
LIABILITIES				
Due to others	$ 9,131	$ 124,440	$ 126,930	$ 6,641
TOTAL LIABILITIES	$ 9,131	$ 124,440	$ 126,930	$ 6,641

See independent auditor's report.

COMPLIANCE SECTION

CLINCH COUNTY, GEORGIA
SCHEDULE OF PROJECTS FUNDED BY SPECIAL PURPOSE SALES TAX PROCEEDS
For The Year Ended July 31, 2014

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
2009 SPLOST						
Roads, streets and bridge maintenance and equipment	$ 1,310,464	$ 1,090,636	$ 30,839	$ 606,490	$ 637,329	58.44%
Public safety vehicles, equipment and facilities	650,000	869,828	739,122	78,918	818,040	94.05%
City of Homerville	1,613,832	1,613,832	972,986	250,163	1,223,149	75.79%
Homerville Recreation Board	440,000	440,000	265,273	68,205	333,478	75.79%
City of Fargo	218,768	218,768	131,896	33,911	165,807	75.79%
City of DuPont	80,036	80,036	48,265	12,407	60,672	75.81%
City of Argyle	86,900	86,900	52,373	13,471	65,844	75.77%
Totals	$ 4,400,000	$ 4,400,000	$ 2,240,754	$ 1,063,565	$ 3,304,319	

See independent auditor's report.

CLINCH COUNTY, GEORGIA
REVOLVING LOAN FUND
SUPPLEMENTARY INFORMATION REQUIRED BY
GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS
TWELVE MONTHS ENDED JULY 31, 2014

	Twelve Months Ended 7/31/2014
Balance Sheet	
Assets:	
Cash and cash equivalents	$ 40,421
Loans receivable	276,251
Total Assets	316,672
Total Liabilities	-
Fund Balance Reserved for Revolving Loans	316,672
Total Liabilities and Fund Balance	$ 316,672
Statement of Revenues and Expenditures	
Revenues:	
One Georgia funds	$ 350,000
Interest earned from bank accounts	9,782
Interest earned from notes receivable	41
Total Revenues	359,823
Expenditures:	
Clinch County Development Authority	350,005
Total Expenditures	350,005
Excess of Revenues Over Expenditures	$ 9,818
Statement of Sources and Uses of Funds	
Cash, Beginning of Period	$ 135,406
Sources of Funds:	
Principal received on notes receivable	25,192
Interest received on notes receivable	9,782
Interest received on bank accounts	41
Total Sources of Funds	35,015
Uses of Funds:	
Note receivable	(130,000)
Total Uses of Funds	(130,000)
Cash, Ending of Period	$ 40,421

See independent auditor's report.

Tillman & Tillman, LLP
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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 Board of County Commissioners
Clinch 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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Clinch County, Georgia as of and for the year ended July 31, 2014, and the related notes to the financial statements, which collectively comprise Clinch County's basic financial statements and have issued our report thereon, dated March 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clinch 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 Clinch County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Clinch 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 responses, noted as 2014-1, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clinch 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing* and which are described in the accompanying schedule of findings and responses as item 2014-1.

Clinch County, Georgia's Response to Finding

Clinch County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Clinch County, Georgia's response 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.

Tillman & Tillman LLP

Tillman & Tillman, LLP

Valdosta, Georgia
March 30, 2015

CLINCH COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended July 31, 2014

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weakness identified?	_____ Yes	__X__ No
Significant deficiencies identified not considered to be material weakness?	__X__ Yes	_____ None reported
Noncompliance material to financial statements noted?	__X__ Yes	_____ No

Section II – Financial Statement Findings

Current Year Findings

Violations of Law

2014-1 – Criteria

Clinch County has established the "legal level of control" for budgetary purposes at the department level. Georgia Statutes, O.C.G.A. 36-81-3(d)(1) states, "Any increase in appropriation at the legal level of control of the local government, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the governing authority. Such amendment shall be adopted by ordinance or resolution."

2014-1 – Violation

Per Note 16 several departments in the General Fund had expenditures that exceeded appropriations.

2014-1 – Cause

Unexpected expenditures in some department funds were incurred that did not result in amendments to the budget.

2014-1 – Effect

The effect of this finding is a violation of Georgia Statutes (O.C.G.A. 36-81-3(d) (1)).

2014-1 – Recommendation

The Board of Commissioners should be sure to amend budgets when unexpected expenditures are incurred and to amend budgets for new funds that are established during the year.

2014-1 – Management Response

The Clinch County Board of Commissioners and management concur with the finding and will work to improve the budget process to include amendments when necessary.

Prior Year Findings

None