CLINCH COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

For The Year Ended July 31, 2017

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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, 2017, 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, 2017, 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 45-47 and the schedules of historical pension information and the related notes on pages 48-51 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 June 14, 2018, 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

June 14, 2018

CLINCH COUNTY, GEORGIA
Management's Discussion and Analysis
Required Supplemental Information
For the Year Ended July 31, 2017

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, 2017. 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 FY17 are as follows:

The County's total net position decreased by $1,080,804.

The County's governmental fund assets exceeded its liabilities at July 31, 2017 by $4,533,867 (fund balances). Of this amount $2,722,424 (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 $252,998 resulting in a fund balance of $3,011,893.

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:

	Governmental Activities		Percentage Change
	2016	2017	2016-2017
Assets			
Current and other assets	$ 3,885,198	$ 7,594,661	95.48%
Capital assets, net	10,784,864	9,586,791	-11.11%
Total Assets	**14,670,062**	**17,181,452**	17.12%
Deferred Outflows of Resources	70,507	63,764	-9.56%
Liabilities			
Current and other liabilities	467,023	3,291,033	604.68%
Long-term liabilities	179,907	933,324	418.78%
Total Liabilities	**646,930**	**4,224,357**	552.99%
Deferred Inflows of Resources	4,561	12,585	0.00%
Net Position			
Invested in capital assets, net of related debt	10,533,652	8,516,294	-19.15%
Restricted	923,961	1,521,974	64.72%
Unrestricted	2,631,465	2,970,006	12.87%
Total Net Position	**$ 14,089,078**	**$ 13,008,274**	-7.67%

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 $13,008,274 as of July 31, 2017. A large portion of the County's net position (65%) 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 (12%) represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted net position (23%) 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, 2017.

Changes in Clinch County's Net Position

	Governmental Activities		Total Percentage Change
	2016	**2017**	**2016-2017**
Revenues			
Program Revenues			
Charges for services	$ 784,418	$ 835,742	6.54%
Operating grants and contributions	141,491	87,348	-38.27%
Capital grants and contributions	312,406	422,744	35.32%
Total Program Revenues	1,238,315	1,345,834	8.68%
General Revenues			
Property taxes	2,921,101	3,074,824	5.26%
Sales taxes	884,249	911,249	3.05%
Timber taxes	297,678	302,238	1.53%
Insurance premium taxes	193,717	206,146	6.42%
Other taxes	83,649	65,582	-21.60%
Interest, penalties and costs - taxes	52,869	54,835	3.72%
Investment earnings	14,098	17,646	25.17%
Gain on disposal of capital assets	162,575	4,948	0.00%
Miscellaneous	26,121	64,335	146.30%
Total General Revenues	4,636,057	4,701,803	1.42%
Total Revenues	**5,874,372**	**6,047,637**	**2.95%**
Expenses			
Governmental Activities:			
General Government			
Legislative and executive	$ 1,782,592	$ 1,810,011	1.54%
Judicial	500,591	454,301	-9.25%
Public safety	1,206,270	1,267,002	5.03%
Public works	3,118,878	3,254,146	4.34%
Health and welfare	87,807	88,983	1.34%
Culture and recreation	159,097	157,670	-0.90%
Housing and development	89,857	91,640	1.98%
Interest on long-term debt	24,357	4,688	-80.75%
Total Expenses	6,969,449	7,128,441	2.28%
Change in Net Position	**(1,095,077)**	**$ (1,080,804)**	**-1.30%**
Net Position, Beginning	15,184,155	14,089,078	-7.21%
Net Position, Ending	**$ 14,089,078**	**$ 13,008,274**	**-7.67%**

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

Function	Total Cost of Services 2016	Total Cost of Services 2017	Percentage Change 2016-2017	Net Cost of Services 2016	Net Cost of Services 2017	Percentage Change 2016-2017
General Government						
Legislative and executive	$ 1,782,592	$ 1,810,011	1.54%	$ 1,508,433	$ 1,511,610	0.21%
Judicial	500,591	454,301	-9.25%	223,717	214,775	-4.00%
Public safety	1,206,270	1,267,002	5.03%	1,033,557	1,074,638	3.97%
Public works	3,118,878	3,254,146	4.34%	2,648,800	2,679,714	1.17%
Health and welfare	87,807	88,983	1.34%	54,842	55,382	0.98%
Culture and recreation	159,097	157,670	-0.90%	159,097	157,670	-0.90%
Housing and development	89,857	91,640	1.98%	78,331	84,130	7.40%
Interest on long-term debt	24,357	4,688	-80.75%	24,357	4,688	-80.75%
Total	**$ 6,969,449**	**$ 7,128,441**	**2.28%**	**$ 5,731,134**	**$ 5,782,607**	**0.90%**

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, 2017, the County's governmental funds reported a combined ending fund balance of $4,533,867, an increase of $851,011. Approximately 60% of this total ($2,722,424) 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, 2017, the unassigned fund balance was $ 2,722,424.

Budgetary Highlights

By State statute, the Board of County Commissioners adopts the annual operating budget for the fiscal year on or before the first 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, 2017, was $8,516,294 (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 FY17 included the acquisition of vehicles and equipment for various County departments and road improvements.

Note 5 (Capital Assets) provides additional information about capital asset activity during FY17.

Debt

At July 31, 2017, the County had total capital lease debt outstanding of $1,070,497.

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

Revenues in excess of expenditures resulted in an increase in the fund balance in the General Fund. However, compared to the prior year, the General Fund revenues had declined while expenditures increased.

The County adjusted net taxable digest went up 10.6% in FY17.

Local option sales tax increased 1.3% in FY17.

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, 2017

	Primary Government		Component Unit
	Governmental Activities	Total	Clinch County Board of Health
ASSETS			
Cash	$ 7,153,174	$ 7,153,174	$ 82,956
Taxes receivable	201,865	201,865	-
Accounts receivable	20,707	20,707	-
Notes receivable	151,588	151,588	-
Due from other governments	67,327	67,327	14,039
Nondepreciable capital assets	192,680	192,680	-
Depreciable capital assets, net	9,394,111	9,394,111	-
TOTAL ASSETS	17,181,452	17,181,452	96,995
DEFERRED OUTFLOWS OF RESOURCES			
Pension	63,764	63,764	73,528
LIABILITIES			
Accounts payable	49,710	49,710	-
Accrued liabilities	19,145	19,145	-
Due to other governments	2,805,413	2,805,413	-
Long-term liabilities:			
Due within one year:			
Capital leases payable	159,365	159,365	-
Compensated absences	33,289	33,289	12,800
Due in more than one year:			
Capital leases payable	911,132	911,132	-
Compensated absences	22,193	22,193	12,800
Net pension obligation liability	224,110	224,110	285,575
TOTAL LIABILITIES	4,224,357	4,224,357	311,175
DEFERRED INFLOWS OF RESOURCES			
Pension	12,585	12,585	2,882
NET POSITION			
Net investment in capital assets	8,516,294	8,516,294	-
Restricted for:			
Capital projects	1,091,028	1,091,028	-
Law library	6,096	6,096	-
Drug education and treatment	5,878	5,878	-
Economic development	342,866	342,866	-
Drug enforcement	35,660	35,660	-
Jail operations	33,686	33,686	
Health and welfare	6,760	6,760	36,795
Unrestricted	2,970,006	2,970,006	(180,329)
TOTAL NET POSITION	$ 13,008,274.00	$ 13,008,274	$ (143,534)

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

CLINCH COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For The Year Ended July 31, 2017

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	$ 1,810,011	$ 297,401	$ 1,000	$ -
Judicial	454,301	217,228	22,298	-
Public Safety	1,267,002	135,824	56,540	-
Public Works	3,254,146	151,688	-	422,744
Health and Welfare	88,983	33,601	-	-
Culture and Recreation	157,670	-	-	-
Housing and Development	91,640	-	7,510	-
Interest on Long-term Debt	4,688	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	7,128,441	835,742	87,348	422,744
TOTAL PRIMARY GOVERNMENT	$ 7,128,441	835,742	87,348	422,744
COMPONENTS UNITS				
Clinch County Board of Health	$ 362,526	$ 89,482	$ 268,703	$ -
TOTAL COMPONENT UNITS	$ 362,526	$ 89,482	$ 268,703	$ -

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
Gain on disposal of capital assets
Other revenues

TOTAL GENERAL REVENUES

CHANGES IN NET POSITION

NET POSITION, 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
$ (1,511,610)	$ (1,511,610)	$ -
(214,775)	(214,775)	-
(1,074,638)	(1,074,638)	-
(2,679,714)	(2,679,714)	-
(55,382)	(55,382)	-
(157,670)	(157,670)	-
(84,130)	(84,130)	-
(4,688)	(4,688)	-
(5,782,607)	(5,782,607)	-
(5,782,607)	(5,782,607)	-
$ -	$ -	$ (4,341)
$ -	$ -	$ (4,341)
3,074,824	3,074,824	-
302,238	302,238	-
911,249	911,249	-
2,499	2,499	-
36,268	36,268	-
206,146	206,146	-
10,155	10,155	-
9,394	9,394	-
54,835	54,835	-
7,266	7,266	-
17,646	17,646	-
4,948	4,948	-
64,335	64,335	-
4,701,803	4,701,803	-
(1,080,804)	(1,080,804)	(4,341)
14,089,078	14,089,078	(139,193)
$ 13,008,274	$ 13,008,274	$ (143,534)

CLINCH COUNTY, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
July 31, 2017

	General Fund	Capital Projects Funds: Public Roads Fund	Capital Projects Funds: 2015 Special Purpose Sales Tax Fund	Other Governmental Funds	Total
ASSETS					
Cash	$ 3,027,446	$ 899,037	$ 169,722	$ 274,892	$ 4,371,097
Taxes receivable	201,865	-	-	-	201,865
Accounts receivable	16,241	-	-	4,466	20,707
Note receivable	-	-	-	151,588	151,588
Due from other governments	21,722	-	45,605	-	67,327
TOTAL ASSETS	3,267,274	899,037	215,327	430,946	4,812,584
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	49,710	-	-	-	49,710
Accrued liabilities	16,050	-	-	-	16,050
Due to other governments	-	-	23,336	-	23,336
TOTAL LIABILITIES	65,760	-	23,336	-	89,096
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	189,621	-	-	-	189,621
TOTAL DEFERRED INFLOWS OF RESOURCES	189,621	-	-	-	189,621
FUND BALANCES					
Restricted for:					
Capital projects	-	899,037	191,991	-	1,091,028
Law library	-	-	-	6,096	6,096
Drug education and treatment	-	-	-	5,878	5,878
Economic development	-	-	-	342,866	342,866
Drug enforcement	-	-	-	35,660	35,660
Jail operations	-	-	-	33,686	33,686
Health and welfare	-	-	-	6,760	6,760
Assigned for:					
Property tax roll back	289,469	-	-	-	289,469
Unassigned reported in:					
General Fund	2,722,424	-	-	-	2,722,424
TOTAL FUND BALANCES	3,011,893	899,037	191,991	430,946	4,533,867
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,267,274	$ 899,037	$ 215,327	$ 430,946	$ 4,812,584

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, 2017

Total Governmental Fund Balances		$ 4,533,867
Amounts report for governmental activities on the statement of net position are different because of the following:		
Net Pension Obligation		
Pension liabilities resulting from contributions less than the annual required contribution		(224,110)
Net pension assets are not current financial resources and are not recognized at the fund financial reporting level but are reported on the government-wide statement of net position		
Deferred outflow of resources - pension	63,764	63,764
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 52,018,707	
Less accumulated depreciation	(42,431,916)	9,586,791
Some liabilities are not due and payable in the current period and, therefore, are not reported in governmental activities.		
Capital leases payable	(1,070,497)	
Capital leases accrued interest	(3,095)	
Compensated absences	(55,482)	
Deferred inflow of resouces - pension	(12,585)	(1,141,659)
Revenue are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Deferred tax revenue		189,621
Net Position of Governmental Activities		$ 13,008,274

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, 2017

	General Fund	Capital Projects Funds: Public Roads Fund	Capital Projects Funds: 2015 Special Purpose Sales Tax Fund	Other Governmental Funds	Total
REVENUES					
Taxes	$ 3,902,263	$ -	$ 617,245	$ -	$ 4,519,508
Licenses and permits	27,840	-	-	-	27,840
Intergovernmental revenues	163,614	408,980	-	14,764	587,358
Charges for services	524,325	-	-	-	524,325
Fines and forfeitures	104,726	-	-	89,124	193,850
Investment income	15,027	2,146	310	7,673	25,156
Miscellaneous	58,868	-	-	-	58,868
TOTAL REVENUES	4,796,663	411,126	617,555	111,561	5,936,905
EXPENDITURES					
Current:					
General Government					
Legislative and executive	1,783,707	-	-	926	1,784,633
Judicial	427,894	-	-	2,038	429,932
Public safety	1,197,241	-	-	38,338	1,235,579
Public works	787,997	2,657	926,100	13,764	1,730,518
Health and welfare	89,636	-	-	-	89,636
Culture and recreation	157,670	-	-	-	157,670
Housing and development	99,520	-	-	-	99,520
Intergovernmental	-	-	315,820	-	315,820
Capital outlay	-	-	55,700	-	55,700
Debt service					
Principle retirement	-	-	93,065	-	93,065
Interest	-	-	6,685	-	6,685
TOTAL EXPENDITURES	4,543,665	2,657	1,397,370	55,066	5,998,758
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	252,998	408,469	(779,815)	56,495	(61,853)
OTHER FINANCING SOURCES:					
Proceeds from capital lease financing	-	-	912,864	-	912,864
TOTAL OTHER FINANCING SOURCES (USES):	-	-	912,864	-	912,864
NET CHANGE IN FUND BALANCE	252,998	408,469	133,049	56,495	851,011
FUND BALANCE, BEGINNING OF YEAR	2,758,895	490,568	58,942	374,451	3,682,856
FUND BALANCE AT END OF YEAR	$ 3,011,893	$ 899,037	$ 191,991	$ 430,946	$ 4,533,867

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, 2017

Net Change in Fund Balances - Total Governmental Funds		$ 851,011
Amounts report for governmental activities in the statement of activities are different because of the following:		
Net Pension Obligation		
Change in pension liabilities resulting from contributions more than the annual required contribution		(10,692)
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	1,076,847	
Current year depreciation expense	(2,248,668)	(1,171,821)
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	95,835	
Capital lease financing	(912,864)	
Land donation	(10,000)	
Gain and losses on sale of capital assets	(16,253)	(843,282)
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	1,483	
Net change in long-term compensated absences	(1,082)	401
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		93,579
Change in Net Position of Governmental Activities		$ (1,080,804)

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

CLINCH COUNTY, GEORGIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
July 31, 2017

	Agency Funds
ASSETS	
Cash	$ 2,782,078
TOTAL ASSETS	$ 2,782,078
LIABILITIES	
Due to others	$ 2,782,078
TOTAL LIABILITIES	2,782,078
NET POSITION	$ -

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

Note 1 – Summary of Significant Accounting Policies

The financial statements present Clinch County, Georgia 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.

A. The Reporting Entity

These financial statements present Clinch County, Georgia (the primary government) which is governed by an elected five - member board, and a discretely presented component unit. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with GAAP, as set forth in the Statement of Governmental Accounting Standards No. 14, *The Financial Reporting Entity* and amended by GASB No. 61, the component units' financial statements have been included as discretely presented component units. Each discretely presented component unit, on the other hand, is reported separately in the government-wide financial statements reflects the most recently audited financial statements. The following is a brief review of each component unit addressed in defining the government's reporting entity.

Clinch County Board of Health

The Clinch County Board of Health is a component unit based on the criteria of the County appointing a voting majority to the board and the County's ability to impose its will upon the Clinch County Board of Health. The financial statements for the Clinch County Board of Health are presented in these financial statements using the method of discrete presentation. The Clinch County Board of Health fiscal year end is June 30. 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 Clinch County Board of Health, 1101 Church Street, Waycross, Georgia 31501.

Joint Venture

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 $5,506 to the Regional Commission for the year ended July 31, 2017. 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 1 – Summary of Significant Accounting Policies - Continued

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.

B. 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 1 - Summary of Significant Accounting Policies - Continued

C. 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.

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.

Capital Projects 2015 SPLOST Fund. The Capital Projects 2015 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.

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 1 - 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.

D. 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.

E. 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

E. Basis of Accounting - 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 Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The County has no deferred outflows.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has unavailable revenue, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category on the governmental funds balance sheet.

Property taxes for which there was an enforceable legal claim at June 30, 2017, but were levied to finance FY17 operations are deferred and recognized as an inflow of resources in the period that amounts become available. The unavailable revenues from property taxes amount to $189,621.

Note 1 - Summary of Significant Accounting Policies – Continued

E. Basis of Accounting - Continued

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.

F. 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.

G. 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 not utilized in the governmental funds.

H. 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.

Note 1 - Summary of Significant Accounting Policies - Continued

H. Cash and Investments - Continued

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.

I. Inventory

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

J. Restricted Assets

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

K. 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

Note 1 - Summary of Significant Accounting Policies - Continued

K. Capital Assets - Continued

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.

L. 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.

M. 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.

N. 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.

O. 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.

Note 1 - Summary of Significant Accounting Policies - Continued

P. 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.

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.

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

Q. 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.

S. 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 2 - Deposits 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, 2017 the County had unsecured deposits in the amount of $1,548,639 and the balance of deposits were collateralized by FDIC insurance and pledged securities by the banking entities.

Note 3 – Due From Other Governments

Due from other governments consisted of the following:

General Fund	
Georgia Department of Revenue	$ 21,722
Total - General Fund	21,722
Capital Project Funds	
2015 SPLOST Fund	
Georgia Department of Revenue	45,605
Total - 2015 SPLOST Fund	45,605
Total - Due From Other Governments	$ 67,327

Note 4 - Transfers

There were no transfers between governmental funds during fiscal year 2017.

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 state 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, 2017 is as follows:

	Balance at August 1, 2016	Additions	Reductions	Balance at July 31, 2017
Primary Government				
Governmental Activities:				
Nondepreciable Capital Assets:				
Land and improvements	$ 120,130	$ 10,000	$ -	$ 130,130
Construction in progress	-	62,550	-	62,550
Total Nondepreciable Capital Assets	120,130	72,550	-	192,680
Depreciable Capital Assets:				
Buildings and building improvements	$ 2,479,980	$ -	$ -	$ 2,479,980
Machinery and equipment	990,402	912,364	-	1,902,766
Furniture and fixtures	35,396	5,033	-	40,429
Vehicles	972,046	86,900	135,371	923,575
Infrastructure	46,479,277	-	-	46,479,277
Total Depreciable Capital Assets	50,957,101	1,004,297	135,371	51,826,027
Less Accumulated Depreciation for:				
Buildings and building improvements	878,723	29,112	-	907,835
Machinery and equipment	537,173	255,470	-	792,643
Furniture and fixtures	30,365	2,998	-	33,363
Vehicles	606,181	102,722	109,119	599,784
Infrastructure	38,239,925	1,858,366	-	40,098,291
Total Accumulated Depreciation	40,292,367	2,248,668	109,119	42,431,916
Total Depreciable Capital Assets, Net	10,664,734	(1,244,371)	26,252	9,394,111
Governmental Activities Capital Assets, Net	$ 10,784,864	$ (1,171,821)	$ 26,252	$ 9,586,791

Depreciation was charged to governmental functions as follows:

Governmental activities:	
General Government	
Legislative and Executive	$ 9,215
Judicial	10,828
Public Safety	108,455
Public Works	2,120,170
Total Depreciation Expense - Governmental Activities	$ 2,248,668

Note 7 – Risk Management

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 8 – Pension Plan

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.

Note 8 – Pension Plan - Continued

Statement of Fiduciary Net Position for the Year Ended December 31, 2016

Statement of Net Fiduciary Net Position

Market Value of Assets		
Cash and cash equivalents	$	48,563
Bonds		-
Fixed interest insurance account		7,458
Marketable securities		833,901
Total	$	889,922
Receivable		
Employer contributions	$	-
Employee contributions		-
Due from insurance pool		-
Accrued interest income		1,134
	$	1,134
Liabilities		
Administrative expenses	$	8,564
Accrued investment fee		848
Accrued auditing fee		-
Payable to insurance pool		-
	$	9,412
Fiduciary net position	$	881,644

Note 8 – Pension Plan – Continued

Statement of Net Fiduciary Net Position for the Measurement Period Ended December 31, 2016 - Continued

Additions		
Asset transfer	$	-
Employer contributions		48,138
Employee contributions		-
Net investment income		57,011
Employee contribution - buyback		-
Total additions	$	105,149
Deductions		
Investment expense	$	4,243
Administrative expenses		8,623
Benefit payments		39,378
Post-retirement death benefit expense		-
Pre-retirement death benefit expense		3,428
Transfer to successor plans		-
Refund of employee contributions		-
	$	55,672
Net increase (decrease) in fiduciary net position	$	49,477
Net position held in trust for pension benefits		
Beginning of year	$	832,167
End of year	$	881,644
Money weighted rates of return		7.12%

Net Position Restricted for Pension

Fiduciary net position	$	881,644
Deferred outflow of resources		63,764
Deferred inflow of resources		(12,585)
Net position restricted for pensions	$	830,465

Note 8 – Pension Plan – Continued

Notes to the Statement of Fiduciary Net Position For the Year Ended December 31, 2016

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.

Plan member contributions are recognized in the period in which contributions are due. County contributions are recognized when due and the County 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 70% equities and 30% fixed income securities on a cost basis.

Contributions

The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code set 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 fund requirement.

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.

Board of Trustees

The Trustees for the Association County Commissioners of Georgia (ACCG) Pension Plan and Trust oversees the administration, investment and funding of the Association County Commissioners of Georgia Retirement Program for member employers.

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

Benefits

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 for benefits upon retirement, death, disablement, and termination of employment, if certain eligibility conditions are met.

Note 8 – Pension Plan – Continued

Participant counts of those eligible for benefits as of January 1, 2017, (the most recent actuarial valuation date) and covered compensation (based on coverage earnings for the preceding year) are shown below:

Retirees, beneficiaries and disables receiving benefits		9
Terminated plan members entitled to but not yet receiving benefits		16
Active plan members		12
Total number of plan participants		37
Covered compensation for active participants	$	557,006

Contributions

The annual County contribution to the Plan is determined using the actuarial basis described in the annual valuation report. The annual County contribution meets or exceeds the minimum funding requirements of Georgia Statute 47-20. The County contributions for the calendar year ending December 31, 2017 were $48,138.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The amount recognized as by the County as the net pension liability was as follows:

Net Pension Liability	$224,110

Actuarial assumptions. The actuarial assumptions used for the January 1, 2017 valuation was applied to all periods included in the measurement were as follows:

Investment return	7.5% revised to 7.25% as of December 31, 2016
Future salary increases	3.50% per year with an age based scale as follows:
Age	Salary Increase
Under 30	3.5% rate plus 1.5%
30-39	3.5% rate plus 1.0%
40-49	3.5% rate less 0.5%
50+	3.5% rate less 1.0%
Future payroll growth for level percentage compensation amortization	4.75% per year
Mortality	RP-2000, Projected with Scale AA to 2017

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of a February 2014 experience study.

Note 8 – Pension Plan – Continued

Net Pension Liability – Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	30%	25%-35%
Equities:		
Large Cap	30%	25%-35%
Mid Cap	5%	2.5%-10%
Small Cap	5%	2.5%-10%
REIT	5%	2.5%-10%
International	15%	10%-20%
Multi Cap	5%	2.5%-10%
Global Allocation	5%	2.5%-10%
	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.5% until revised to 7.25% as of December 31, 2016. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the current contribution rate and that Country contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 – Pension Plan – Continued

Net Pension Liability – Continued

Changes in the Net Pension Liability

	Total Pension Liability	Fiduciary Net Pension	Net Pension Liability
Balance at December 31, 2015	$ 1,060,352	$ 832,167	$ 228,185
Changes for the year:			
Service cost	4,848	-	4,848
Interest	78,049	-	78,049
Liability experience (gain)/loss	(19,576)	-	(19,576)
Assumption change	21,459	-	21,459
Employer contributions	-	48,138	(48,138)
Employee contributions	-	-	-
Net investment income	-	57,011	(57,011)
Benefit payment	(39,378)	(39,378)	-
Administrative expense	-	(8,623)	8,623
Other changes	-	(7,671)	7,671
Net Changes	45,402	49,477	(4,075)
Balance at December 31, 2016	$ 1,105,754	$ 881,644	$ 224,110

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	6.25%	7.25%	8.25%
Total Pension Liability	$ 1,198,898	$ 1,105,754	$ 1,023,892
Fiduciary Net Position	881,644	881,644	881,644
Net Pension Liability	$ 317,254	$ 224,110	$ 142,248

Note 8 – Pension Plan – Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions

For the year ended December 31, 2016, the County recognized pension expense of $48,138. At June 30, 2017, the County reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Net Deferred Outflows	Net Deferred Inflows
Asset (Gain) / Loss	$ 44,968	$ -
Liability (Gain) / Loss	-	(12,585)
(Gain) / Loss due to Assumption Change	18,816	-
Total	$ 63,784	$ (12,585)

A copy of additional financial information from the Plan financial reports can be obtained from GEBCorp, 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339.

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

These plans 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. GASB Statement #68 valuation reports and schedules can be found on their respective web sites.

Note 8 – Pension Plan – Continued

Other Pension Plans - Continued

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, 2017, the plan members contributed $29,998 and the County contributed $44,236 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.

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 8 – Pension Plan – Continued

Clinch County Board of Health Pension Plan

General Information about the Employees Retirement System

Plan description: ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

Benefits provided: The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions: Member contributions under the old plan are 4% of annual contribution, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contribution in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes are used in the computation of the members' earnable compensation for the purposes of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The Board of Health's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2017 was 24.72% of annual covered payroll for the old and new plan members and 21.69% for GSEPS members. The Board of Health contributions to ERS totaled $34,699 for the year ended June 30, 2017. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Note 8 – Pension Plan – Continued

Clinch County Board of Health Pension Plan

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Board of Health reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2016 was determined using standard roll-forward techniques. The Board of Health's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2016. At June 30, 2017 the Employer's proportion was 0.006037%, which was an increase of .000183% from its portions measured as of June 30, 2016.

For the year ended June 30, 2017, the Board of Health recognized pension expense of $34,699. At June 30, 2017 the Board of Health reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 660
Changes of assumptions	2,419	-
Net difference between projected and actual earnings on pension plan investments	29,035	-
Changes in proportion and differences between Employer contributions and proportion share of contributions	4,526	2,222
Employer contributions subsequent to the measurement date	37,548	-
Total	$ 73,528	$ 2,882

Board of Health contributions subsequent to the measurement date of $37,548 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2018	$ 4,301
2019	3,439
2020	15,654
2021	9,704
2022	-
Thereafter	-

Note 8 – Pension Plan – Continued

Clinch County Board of Health Pension Plan

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Actuarial assumptions: The total pension liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 7.00%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	-0.50%
Domestic large equities	37.20%	9.00%
Domestic mid equities	3.40%	12.00%
Domestic small equities	1.40%	13.50%
International developed market equities	17.80%	8.00%
International emerging market equities	5.20%	12.00%
Alternatives	5.00%	10.50%
Total	100.00%	

* Rates shown are net of the 3.00% assumed rate of inflation

Clinch County Board of Health Pension Plan

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Discount rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board of Health's proportionate share of the net pension liability to changes in the discount rate: The following presents the Board of Health's proportionate share of the net pension liability calculated using the discount rate of 7.50% as well as the Board of Health's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability	387,008	285,575	199,135

Note 9 – 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, 2016	Additions	Reductions	Balance at July 31, 2017	Amount Due In One Year
Primary Government:					
Governmental Activities:					
Compensated absences	$ 54,400	$ 33,722	$ 32,640	$ 55,482	$ 33,289
Total Primary Government	$ 54,400	$ 33,722	$ 32,640	$ 55,482	$ 33,289
Component Unit - Board of Health:					
Compensated absences	$ 21,140	$ 15,030	$ 10,570	$ 25,600	$ 12,800

Note 10 - Long-Term Debt

The following is a summary of the debt transactions of the County for the fiscal year ended July 31, 2017:

	Balance at July 31, 2016	Additions	Reductions	Balance at July 31, 2017	Amount Due In One Year
Governmental Activities					
Capital leases	$ 251,212	$ 912,864	$ 93,579	$ 1,070,497	$ 159,365
Total Governmental Activities	$ 251,212	$ 912,864	$ 93,579	$ 1,070,497	$ 159,365

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	Tractor	2014	2.30%	$ 112,054	2018
Capital Lease	Excavator	2015	2.60%	$ 349,900	2018
Capital Lease	Graders	2017	2.35%	$ 912,864	2021

The accumulated amortization on the motor graders, an excavator and tractor was $341,013 as of July 31, 2017. The FY17 amortization expense of $224,669 was included in the depreciation expense.

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

	Governmental Activities	
	Capital Leases	
Year Ending July 31,	Principal	Interest
2018	159,365	6,685
2019	151,413	25,671
2020	79,283	21,773
2021	81,146	17,853
2022	599,290	15,990
	$ 1,070,497	$ 87,972

Note 11 – 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 June 30, 2017, was as follows:

Equipment	$ 50,066
Less Accumulated Depreciation	(50,066)
Net Property and Equipment	$ 0

Note 12 – Contingent Liabilities

There was no pending litigation, claims, or assessments against the County at July 31, 2017. 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 – Assignment

Georgia code section 48-8-91 requires local governments collecting local option sales tax to calculate a reduction of the local millage rate based on the prior year collections of the local option sales tax. The assignment of fund balance for property tax roll back, accounts for the annual collection of local option sales tax fund that will be used in the calculation for the next year's millage rate reduction.

Note 14 – Expenditures in Excess of Appropriations

The following funds' expenditures/expenses exceeded appropriations:

	Expenditures/ Expenses Actual	Appropriations	Amount Exceeding Appropriations
General Fund:			
Superior Court	41,488	35,826	5,662
District Attorney	10,111	9,000	1,111
Sheriff	511,778	495,243	16,535
E-911 Services	134,290	128,623	5,667
Emergency Management Services	168,528	160,850	7,678
School Resource Officer	42,847	19,580	23,267
Jail	213,667	166,956	46,711
Solid Waste Management	270,479	260,732	9,747
Concerted Services	1,354	1,250	104
Department of Family and Children Services	23,175	22,400	775
Recreation	59,710	55,000	4,710
Building Inspectors	7,937	5,750	2,187
Multiple Grant Fund	1,759	1,515	244
DATE Fund	13,595	7,000	6,595
Sheriff Drug Fund	17,696	13,821	3,875
CDBG Fund	13,764	-	13,764

Note 15 – Subsequent Event

Subsequent events were evaluated through June 14, 2018 which is the date of the financial statements were available to be issued

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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, 2017

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Taxes	$ 3,842,903	$ 3,842,903	3,902,263	$ 59,360
Licenses and permits	23,473	23,473	27,840	4,367
Intergovernmental revenues	222,619	222,619	163,614	(59,005)
Charges for services	537,199	537,199	524,325	(12,874)
Fines and forfeitures	89,100	89,100	104,726	15,626
Investment income	11,000	11,000	15,027	4,027
Miscellaneous	45,500	45,500	58,868	13,368
Total Revenues	$ 4,771,794	$ 4,771,794	$ 4,796,663	$ 24,869
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative and executive				
Commissioners' Office	$ 238,962	$ 238,962	234,992	$ (3,970)
Tax Assessor's Office	210,742	210,742	194,882	(15,860)
Tax Commissioner's Office	135,308	135,308	129,917	(5,391)
Equalization Board	4,100	4,100	3,421	(679)
Public Buildings	154,873	154,873	142,053	(12,820)
Elections	87,834	87,834	60,330	(27,504)
Non-Departmental	1,106,841	1,106,841	1,018,112	(88,729)
Total General Government	1,938,660	1,938,660	1,783,707	(154,953)
JUDICIAL				
Superior Court	35,826	35,826	41,488	5,662
Clerk of Courts	117,596	117,596	110,918	(6,678)
District Attorney	9,000	9,000	10,111	1,111
Juvenile Court	97,000	97,000	36,823	(60,177)
Public Defender	38,500	38,500	38,228	(272)
Probate Court	191,087	191,087	190,326	(761)
Total Judicial	489,009	489,009	427,894	(61,115)
PUBLIC SAFETY				
Sheriff	495,243	495,243	511,778	16,535
Fire Protection	127,900	127,900	96,183	(31,717)
E-911 Service	128,623	128,623	134,290	5,667
Emergency Management Agency	27,294	27,294	23,380	(3,914)
Emergency Medical Services	160,850	160,850	168,528	7,678
Coroner Office	7,933	7,933	6,568	(1,365)
School Resource Officer	19,580	19,580	42,847	23,267
Jail	166,956	166,956	213,667	46,711
Total Public Safety	1,134,379	1,134,379	1,197,241	62,862

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, 2017

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
PUBLIC WORKS				
Road Department	595,559	595,559	517,518	(78,041)
Solid Waste Management	260,732	260,732	270,479	9,747
Total Public Works	$ 856,291	$ 856,291	$ 787,997	$ (68,294)
HEALTH AND WELFARE				
Public Health Services	$ 65,568	$ 65,568	$ 65,107	$ (461)
Concerted Services	1,250	1,250	1,354	104
Department of Family and Children Services	22,400	22,400	23,175	775
Total Health and Welfare	89,218	89,218	89,636	418
CULTURE AND RECREATION				
Recreation	55,000	55,000	59,710	4,710
Senior Center	89,077	89,077	83,585	(5,492)
Library	19,500	19,500	14,375	(5,125)
Total Culture and Recreation	163,577	163,577	157,670	(5,907)
HOUSING AND DEVELOPMENT				
Forestry	52,161	52,161	52,161	-
County Agent's Office	42,749	42,749	39,422	(3,327)
Building Inspections	5,750	5,750	7,937	2,187
Total Community Development	100,660	100,660	99,520	(1,140)
TOTAL EXPENDITURES	4,771,794	4,771,794	4,543,665	(228,129)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	252,998	252,998
FUND BALANCE AT BEGINNING OF YEAR	-	-	2,758,895	2,758,895
FUND BALANCE, END OF YEAR	$ -	$ -	$ 3,011,893	$ 3,011,893

See independent auditor's report.

CLINCH COUNTY, GEORGIA
NOTES TO BUDGETARY COMPARISON SCHEDULES
For The Year Ended July 31, 2017

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.

CLINCH COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN
July 31, 2017

SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS

	2016	2015	2014
Total Pension Liability as of beginning of year	$ 1,060,352	$ 996,075	$ 959,275
Service cost	4,849	4,586	5,709
Interest	79,526	74,706	71,946
Plan change	-	-	-
Assumption change	21,458	33,442	-
Benefit payments (adjusted for interest)	(40,855)	(40,855)	(40,855)
Experience (gain)/(loss)	(19,576)	(7,602)	-
Total Pension Liability as of December 31, 2016	$ 1,105,754	$ 1,060,352	$ 996,075
Fiduciary Net Position as of beginning of year	$ 832,167	$ 829,120	$ 771,655
Employer contributions	48,138	48,837	51,997
Employee contributions (including buyback)	-	-	-
Net investment income	57,011	6,199	57,823
Benefit payments	(39,378)	(39,378)	(39,378)
Employee contribution refunds	-	-	-
Administrative expense	(8,623)	(5,184)	(4,969)
Other	(7,671)	(7,427)	(8,008)
Fiduciary Net Position as of December 31, 2016	$ 881,644	$ 832,167	$ 829,120
Net pension liability as of beginning of year	$ 228,185	$ 166,955	$ 187,620
Net pension liability as of end of year	$ 224,110	$ 228,185	$ 166,955
Fiduciary Net Position as a percentage of Total Pension Liability	79.7%	78.5%	83.2%
Covered-employee payroll	$ 557,006	$ 556,657	$ 539,741
Net pension liability as a percentage of covered-employee payroll	40.2%	41.0%	30.9%

Note: This schedule will present 10 years of information once the data is available.

CLINCH COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION-PENSION PLAN
July 31, 2017

SCHEDULE OF COUNTY CONTRIBUTIONS

	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 48,138	$ 48,837	$ 51,997	$ 45,060	$ 30,323
Contribution in relation to the actuarially determined contribution	48,138	48,837	51,997	45,060	30,323
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 557,006	$ 556,657	$ 539,741	$ 530,180	$ 551,913
Contributions as a percentage of covered-employee payroll	8.6%	8.8%	9.6%	8.5%	5.5%

Notes to Schedule:

Valuation date	January 1, 2016
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	10 years
Asset valuation method	Smoothed market value with a 5-year smoothing period
Inflation	2.50%
Salary increases	3.50%
Investment rate of return	7.5% Revised to 7.25% as of December 31, 2016
Retirement:	Probability of Retirement
age 55 to 60	10%
ages 61 to 64	20%
age 65 to age 69	30%
age 70	100%
Mortality	RP-2000, Combined

	2011	2010	2009	2008	2007	2006
	$ 30,721	$ 30,950	$ 36,935	$ 29,544	$ 28,661	$ 23,027
	30,721	30,950	36,935	29,544	28,661	23,027
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 541,553	$ 540,464	$ 537,834	$ 638,164	$ 685,550	$ 722,292
	5.7%	5.7%	6.9%	4.6%	4.2%	3.2%

CLINCH COUNTY BOARD OF HEALTH

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30,

	2017	2016	2015
Employer's proportion of the net pension liability	0.006037%	0.000584%	0.006092%
Employer's proportion share of the net pension liability	285,575	237,169	228,488
Employer's covered-employee payroll during the measurement period	156,280	142,359	137,959
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	182.73%	166.60%	165.62%
Plan fiduciary net position as a percentage of the total pension liability	72.34%	76.20%	77.99%

Note: This schedule will present 10 years of information once the data is available.

CLINCH COUNTY BOARD OF HEALTH

Notes to Schedule:

Changes of benefit terms: A new benefit tier was added for members joining the System on and after July 1, 2009. A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016.

Changes of assumptions: On December 17, 2015, the board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases.

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2017. An expected total pension liability is determined as of June 30, 2017 using standard roll-forward techniques. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended June 30, 2017 reported in that schedule:

Valuation date	June 30, 2017
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	22.6 years
Asset valuation method	5-year smoothed market
Inflation rate	3.00%
Salary increases	5.45% - 9.25%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

COMBINING AND INDIVIDUAL FUND SCHEDULES

MAJOR GOVERNMENTAL FUND

CAPITAL PROJECT FUND

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 for maintenance funds provided through the Georgia Department of Transportation Local Maintenance and Improvement Grants (LMIG) program.

Capital Projects 2015 Special Purpose Sales Tax Fund – To account for the special purpose local option sales tax that was approved by 2015 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 BALANCE
BUDGET AND ACTUAL
For The Year Ended July 31, 2017

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Intergovernmental revenue	$ 106,495	$ 106,495	$ 408,980	$ 302,485
Investment income	1,300	1,300	2,146	846
TOTAL REVENUES	107,795	107,795	411,126	303,331
EXPENDITURES				
Current				
Public works	597,994	597,994	2,657	(595,337)
TOTAL EXPENDITURES	597,994	597,994	2,657	(595,337)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(490,199)	(490,199)	408,469	898,668
FUND BALANCE BEGINNING OF YEAR	490,199	490,199	490,568	369
FUND BALANCE END OF YEAR	$ -	$ -	$ 899,037	$ 899,037

See independent auditor's report.

CLINCH COUNTY, GEORGIA
CAPITAL PROJECTS 2015 SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For The Year Ended July 31, 2017

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Taxes	$ -	$ 600,000	$ 617,245	$ 17,245
Investment income	-	-	310	310
TOTAL REVENUES	-	600,000	617,555	17,555
EXPENDITURES				
Current				
Public safety	-	58,000	$ -	(58,000)
Public works	-	235,004	$ 926,100	691,096
Intergovernmental	-	306,996	315,820	8,824
Capital outlay	-	-	55,700	55,700
Debt service	-	-	99,750	99,750
TOTAL EXPENDITURES	-	600,000	1,397,370	797,370
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	(779,815)	(779,815)
OTHER FINANCING SOURCES:				
Proceeds from capital lease financing	-	-	912,864	912,864
TOTAL OTHER FINANCING SOURCES	-	-	912,864	912,864
NET CHANGES IN FUND BALANCE	-	-	133,049	133,049
FUND BALANCE BEGINNING OF YEAR	-	-	58,942	58,942
FUND BALANCE END OF YEAR	$ -	$ -	$ 191,991	$ 191,991

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.

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.

NONMAJOR 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.

Community Development Block Grant Fund – To account for grant funds provided for improvements to infrastructure.

CLINCH COUNTY, GEORGIA
ALL NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
July 31, 2017

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total
ASSETS			
Cash	$ 274,892	$ -	$ 274,892
Note receivable	151,588	-	151,588
Accounts receivable	4,466	-	4,466
TOTAL ASSETS	$ 430,946	$ -	$ 430,946
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	-	-	-
TOTAL LIABILITIES	-	-	-
FUND BALANCES			
Restricted for:			
Law library	6,096	-	6,096
Drug education and treatment	5,878	-	5,878
Economic development	342,866	-	342,866
Drug enforcement	35,660	-	35,660
Jail operations	33,686	-	33,686
Health and welfare	6,760	-	6,760
TOTAL FUND BALANCES	430,946	-	430,946
TOTAL LIABILITIES AND FUND BALANCES	$ 430,946	$ -	$ 430,946

See independent auditor's report.

CLINCH COUNTY, GEORGIA
ALL NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Year Ending July 31, 2017

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total
REVENUES			
Taxes	$ -	$ -	$ -
Fines and forfeitures	89,124	-	89,124
Intergovernmental revenue	1,000	13,764	14,764
Investment income	7,673	-	7,673
TOTAL REVENUES	97,797	13,764	111,561
EXPENDITURES			
Current:			
Legislative and executive	926	-	926
Judicial	2,038	-	2,038
Public safety	38,338	-	38,338
Public works	-	13,764	13,764
TOTAL EXPENDITURES	41,302	13,764	55,066
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	56,495	-	56,495
FUND BALANCE, BEGINNING OF YEAR	374,451	-	374,451
FUND BALANCE, END OF YEAR	$ 430,946	$ -	$ 430,946

See independent auditor's report.

CLINCH COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
July 31, 2017

	Special Revenue Funds						
	Multiple Grant Fund	Jail Fund	Law Library Fund	D.A.T.E. Fund	Revolving Loan Fund	Sheriff's Drug Fund	Total
ASSETS							
Cash	$ 6,760	$ 32,144	$ 6,096	$ 2,954	$ 191,278	$ 35,660	$ 274,892
Note receivable	-	-	-	-	151,588	-	151,588
Accounts receivable	-	1,542	-	2,924	-	-	4,466
TOTAL ASSETS	$ 6,760	$ 33,686	$ 6,096	$ 5,878	$ 342,866	$ 35,660	$ 430,946
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES							
Restricted for:							
Law library	-	-	6,096	-	-	-	6,096
Drug education and treatment	-	-	-	5,878	-	-	5,878
Economic development	-	-	-	-	342,866	-	342,866
Drug enforcement	-	-	-	-	-	35,660	35,660
Jail operations	-	33,686	-	-	-	-	33,686
Health and welfare	6,760	-	-	-	-	-	6,760
TOTAL FUND BALANCES	6,760	33,686	6,096	5,878	342,866	35,660	430,946
TOTAL LIABILITIES AND FUND BALANCES	$ 6,760	$ 33,686	$ 6,096	$ 5,878	$ 342,866	$ 35,660	$ 430,946

See independent auditor's report.

CLINCH COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Year Ended July 31, 2017

	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	$ -	$ 24,011	$ 4,411	$ 15,745	$ -	$ 44,957	$ 89,124
Intergovernmental revenue	1,000	-	-	-	-	-	1,000
Investment income	22	68	-	-	7,583	-	7,673
TOTAL REVENUES	1,022	24,079	4,411	15,745	7,583	44,957	97,797
EXPENDITURES							
Current:							
Legislative and executive	870	-	-	-	56	-	926
Judicial	-	-	2,038	-	-	-	2,038
Public safety	889	6,158	-	13,595	-	17,696	38,338
TOTAL EXPENDITURES	1,759	6,158	2,038	13,595	56	17,696	41,302
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(737)	17,921	2,373	2,150	7,527	27,261	56,495
FUND BALANCE, BEGINNING OF YEAR	7,497	15,765	3,723	3,728	335,339	8,399	374,451
FUND BALANCE, END OF YEAR	$ 6,760	$ 33,686	$ 6,096	$ 5,878	$ 342,866	$ 35,660	$ 430,946

See independent auditor's report.

CLINCH COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
July 31, 2017

	Capital Projects Fund CDBG Fund	Total
ASSETS		
Cash	$ -	$ -
TOTAL ASSETS	$ -	$ -
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	-	-
TOTAL LIABILITIES	-	-
FUND BALANCES		
Restricted for:		
Capital projects	-	-
TOTAL FUND BALANCES	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ -

See independent auditor's report.

CLINCH COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Year Ending July 31, 2017

	Capital Projects Fund	
	CDBG Fund	Total
REVENUES		
Intergovernmental revenue	$ 13,764	$ 13,764
TOTAL REVENUES	13,764	13,764
EXPENDITURES		
Current:		
Public works	13,764	13,764
TOTAL EXPENDITURES	13,764	13,764
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-
FUND BALANCE, END OF YEAR	$ -	$ -

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, 2017

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Intergovernmental revenues	$ 1,500	$ 1,500	$ 1,000	$ (500)
Investment income	15	15	22	7
TOTAL REVENUES	1,515	1,515	1,022	(493)
EXPENDITURES				
Current:				
Legislative and executive	1,515	1,515	870	(645)
Public safety	-	-	889	889
TOTAL EXPENDITURES	1,515	1,515	1,759	244
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	(737)	(737)
FUND BALANCE BEGINNING OF YEAR	-	-	7,497	7,497
FUND BALANCE END OF YEAR	$ -	$ -	$ 6,760	$ 6,760

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, 2017

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Fines and forfeitures	$ 19,100	$ 19,100	$ 24,011	$ 4,911
Investment income	30	30	68	38
TOTAL REVENUES	19,130	19,130	24,079	4,949
EXPENDITURES				
Current:				
Public safety	34,800	34,800	6,158	(28,642)
TOTAL EXPENDITURES	34,800	34,800	6,158	(28,642)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(15,670)	(15,670)	17,921	33,591
FUND BALANCE BEGINNING OF YEAR	15,670	15,670	15,765	95
FUND BALANCE END OF YEAR	$ -	$ -	$ 33,686	$ 33,686

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, 2017

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Fines and forfeitures	$ 7,717	$ 7,717	$ 4,411	$ (3,306)
TOTAL REVENUES	7,717	7,717	4,411	(3,306)
EXPENDITURES				
Current:				
Judicial	7,717	7,717	2,038	(5,679)
TOTAL EXPENDITURES	7,717	7,717	2,038	(5,679)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	2,373	2,373
FUND BALANCE BEGINNING OF YEAR	-	-	3,723	3,723
FUND BALANCE END OF YEAR	$ -	$ -	$ 6,096	$ 6,096

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, 2017

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Fines and forfeitures	$ 7,000	$ 7,000	$ 15,745	$ 8,745
TOTAL REVENUES	7,000	7,000	15,745	8,745
EXPENDITURES				
Current:				
Health and welfare	7,000	7,000	13,595	6,595
TOTAL EXPENDITURES	7,000	7,000	13,595	6,595
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	2,150	2,150
FUND BALANCE BEGINNING OF YEAR	-	-	3,728	3,728
FUND BALANCE END OF YEAR	$ -	$ -	$ 5,878	$ 5,878

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, 2017

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Investment income	$ 10,024	$ 10,024	$ 7,583	$ (2,441)
TOTAL REVENUES	10,024	10,024	7,583	(2,441)
EXPENDITURES				
Current:				
Housing and development	43,467	43,467	56	(43,411)
TOTAL EXPENDITURES	43,467	43,467	56	(43,411)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(33,443)	(33,443)	7,527	40,970
FUND BALANCE BEGINNING OF YEAR	33,443	33,443	335,339	301,896
FUND BALANCE END OF YEAR	$ -	$ -	$ 342,866	$ 342,866

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, 2017

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Fines and forfeitures	$ 8,485	$ 8,485	$ 44,957	$ 36,472
TOTAL REVENUES	8,485	8,485	44,957	36,472
EXPENDITURES				
Current:				
Public safety	13,821	13,821	17,696	3,875
TOTAL EXPENDITURES	13,821	13,821	17,696	3,875
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(5,336)	(5,336)	27,261	32,597
FUND BALANCE BEGINNING OF YEAR	5,336	5,336	8,399	3,063
FUND BALANCE END OF YEAR	$ -	$ -	$ 35,660	$ 35,660

See independent auditor's report.

CLINCH COUNTY, GEORGIA
CDBG FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For The Year Ended July 31, 2017

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
REVENUES				
Intergovermental revenue	$ -	$ -	$ 13,764	$ 13,764
TOTAL REVENUES	-	-	13,764	13,764
EXPENDITURES				
Current				
Public works	-	-	13,764	13,764
TOTAL EXPENDITURES	-	-	13,764	13,764
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-	-
FUND BALANCE BEGINNING OF YEAR	-	-	-	-
FUND BALANCE END OF YEAR	$ -	$ -	$ -	$ -

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 and maintenance of other vital records which are disbursed to other parties.

CLINCH COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
July 31, 2017

	AGENCY FUNDS					
	TAX COMMISSIONER	PROBATE COURT	CLERK OF SUPERIOR COURT	OFFICE OF SHERIFF	MAGISTRATE COURT	TOTAL
ASSETS						
Cash	$ 2,675,710	$ 13,613	$ 76,952	$ 9,921	$ 5,882	$ 2,782,078
TOTAL ASSETS	$ 2,675,710	$ 13,613	$ 76,952	$ 9,921	$ 5,882	$ 2,782,078
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Due to others	$ 2,675,710	$ 13,613	$ 76,952	$ 9,921	$ 5,882	$ 2,782,078
TOTAL LIABILITIES	$ 2,675,710	$ 13,613	$ 76,952	$ 9,921	$ 5,882	$ 2,782,078
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, 2017

	Balance August 1, 2016	Additions	Deductions	Balance July 31, 2017
OFFICE OF TAX COMMISSIONER				
ASSETS				
Cash	$ 236,336	$ 12,197,955	$ 9,758,581	$ 2,675,710
TOTAL ASSETS	$ 236,336	$ 12,197,955	$ 9,758,581	$ 2,675,710
LIABILITIES				
Due to others	$ 236,336	$ 12,197,955	$ 9,758,581	$ 2,675,710
TOTAL LIABILITIES	$ 236,336	$ 12,197,955	$ 9,758,581	$ 2,675,710
PROBATE COURT				
ASSETS				
Cash	$ 14,425	$ 65,513	$ 66,325	$ 13,613
TOTAL ASSETS	$ 14,425	$ 65,513	$ 66,325	$ 13,613
LIABILITIES				
Due to others	$ 14,425	$ 65,513	$ 66,325	$ 13,613
TOTAL LIABILITIES	$ 14,425	$ 65,513	$ 66,325	$ 13,613
CLERK OF COURT				
ASSETS				
Cash	$ 118,768	$ 278,944	$ 320,760	$ 76,952
TOTAL ASSETS	$ 118,768	$ 278,944	$ 320,760	$ 76,952
LIABILITIES				
Due to others	$ 118,768	$ 278,944	$ 320,760	$ 76,952
TOTAL LIABILITIES	$ 118,768	$ 278,944	$ 320,760	$ 76,952

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, 2017

		Balance August 1, 2016	Additions	Deductions	Balance July 31, 2017
OFFICE OF SHERIFF					
ASSETS					
Cash		$ 5,589	$ 57,920	$ 53,588	$ 9,921
	TOTAL ASSETS	$ 5,589	$ 57,920	$ 53,588	$ 9,921
LIABILITIES					
Due to others		$ 5,589	$ 57,920	$ 53,588	$ 9,921
	TOTAL LIABILITIES	$ 5,589	$ 57,920	$ 53,588	$ 9,921
MAGISTRATE COURT					
ASSETS					
Cash		$ 9,626	$ 133,009	$ 136,753	$ 5,882
	TOTAL ASSETS	$ 9,626	$ 133,009	$ 136,753	$ 5,882
LIABILITIES					
Due to others		$ 9,626	$ 133,009	$ 136,753	$ 5,882
	TOTAL LIABILITIES	$ 9,626	$ 133,009	$ 136,753	$ 5,882

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, 2017

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
2015 SPLOST						
Roads, streets and bridge maintenance and equipment	$ 1,156,858	$ 1,156,858	$ 75,277	$ 112,986	$ 188,263	16.27%
Public safety vehicles, equipment and facilities	650,000	650,000	29,600	55,700	85,300	13.12%
City of Homerville	1,203,129	1,203,129	110,575	200,710	311,285	25.87%
Homerville Recreation Board	370,000	370,000	34,005	61,725	95,730	25.87%
City of Fargo	157,176	157,176	14,446	26,220	40,666	25.87%
City of DuPont	103,896	103,896	9,549	9,833	19,382	18.66%
City of Argyle	58,941	58,941	5,417	17,332	22,749	38.60%
Totals	$ 3,700,000	$ 3,700,000	$ 278,869	$ 484,506	$ 763,375	
Equipment purchase through capital lease				912,864		
				$ 1,397,370		

See independent auditor's report.

CLINCH COUNTY, GEORGIA
SCHEDULE OF PROJECTS FUNDED BY COMMUNITY DEVELOPMENT BLOCK GRANT
For The Year Ended July 31, 2017

SOURCE and APPLICATION OF FUNDS SCHEDULE
Community Development Block Grant

Clinch County, Georgia

16p-y-032-1-5841

For the Period Ending: July 31,2017
Cumulative

I. Total Fiscal Year 2016 CDBG Funds Awarded to Recipient:	$	500,000
II. Total Amount of Drawdown by Recipient from DCA:	$	13,764
III. Less: CDBG Funds Expended by Recipient:	$	13,764
IV. Amount of Fiscal Year 2016 CDBG Funds held by Recipient:	$	-

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
PROJECT COST SCHEDULE

Recipient: Clinch County, Georgia

Grant #: 16p-y-032-1-5841

For the Period Ending: July 31, 2017

Program Activity	CDBG Activity Number	Latest Approved Budget	Accumulative CDBG Expenditures To Date	Accumulative Expenditures To Date (Other Funds)	Grand Total of Expenditures To Date	Questioned Costs
Engineering - Moonshadow/Burch Dr.	T-03K-00	$ 26,218	$ 13,764	$ -	$ 13,764	-
Street improvements - Moonshadow/Burch Dr.	P-03K-01	$ 148,818	$ -	$ -	$ -	$ -
Flood & drainage - Moonshadow/Burch Dr.	P-03K-02	$ 268,499	$ -	$ -	$ -	$ -
Contingencies	C-022-00	$ 20,865	$ -	$ -	$ -	$ -
Acquisition of property	P-001-01	$ 5,600	$ -	$ -	$ -	$ -
Administration	A-21A-00	$ 30,000	$ -	$ -	$ -	$ -
TOTAL		$ 500,000	$ 13,764	$ -	$ 13,764	$ -

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, 2017

	Twelve Months Ended 7/31/2017
Balance Sheet	
Assets:	
Cash and cash equivalents	$ 191,278
Loans receivable	151,588
Total Assets	342,866
Total Liabilities	-
Fund Balance Reserved for Revolving Loans	342,866
Total Liabilities and Fund Balance	$ 342,866
Statement of Revenues and Expenditures	
Revenues:	
Interest earned from bank accounts	$ 74
Interest earned from notes receivable	7,510
Total Revenues	7,584
Expenditures:	
Bank fee	56
Total Expenditures	56
Excess of Revenues Over Expenditures	$ 7,528
Statement of Sources and Uses of Funds	
Cash, Beginning of Period	$ 123,857
Sources of Funds:	
Principal received on notes receivable	59,893
Interest received on notes receivable	7,510
Interest received on bank accounts	74
Total Sources of Funds	67,477
Uses of Funds:	
Miscellaneous Expense	56
Total Uses of Funds	56
Cash, Ending of Period	$ 191,278

See independent auditor's report.

Tillman & Tillman, LLP
Certified Public Accountants & Consultants

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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, 2017, and the related notes to the financial statements, which collectively comprise Clinch County's basic financial statements and have issued our report thereon, dated June 14, 2018.

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, notated as 2017-1, that we consider to be a significant deficiency.

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 *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2017-1.

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 no 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
June 14, 2018

CLINCH COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended July 31, 2017

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

2017-1 – 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."

2017-1 – Violation

Per Note 14 several departments in the General Fund and some other funds had expenditures that exceeded appropriations.

2017-1 – Cause

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

2017-1 – Effect

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

2017-1 – 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.

2017-1 – 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