JENKINS COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

JENKINS COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Jenkins County, Georgia
Millen, 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 **Jenkins County, Georgia** (the "County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Jenkins County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jenkins County Development Authority and the Jenkins County Department of Health, which represents 100% of the assets, net position, and revenue of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jenkins County Development Authority and Jenkins County Board of Heath, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issue 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, based on our audit and the report of other auditors, 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 Jenkins County, Georgia, as of June 30, 2018, 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 budgetary comparison information for the General Fund (on pages 44 through 46), the Schedule of Changes in the County's Net Pension Liability and Related Ratios (on page 47), and the Schedule of County Contributions (on page 48) 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jenkins County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, 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 and the schedule of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of Jenkins 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 Jenkins County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 28, 2018

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BASIC FINANCIAL STATEMENTS

JENKINS COUNTY, GEORGIA

STATEMENT OF NET POSITION

JUNE 30, 2018

ASSETS	Primary Government	Component Units	
	Governmental Activities	Jenkins County Development Authority	Jenkins County Department of Health
Cash and cash equivalents	$ 6,866,881	$ 113,579	$ 181,188
Taxes receivable	100,360	-	-
Interest receivable	-	-	-
Accounts receivable, net of allowances	227,954	-	41,605
Note receivable, current portion	-	20,953	-
Due from other governments	43,272	-	-
Prepaid items	135,585	-	-
Note receivable, net of current portion	-	208,359	-
Capital assets, nondepreciable	559,808	783,967	-
Capital assets, depreciable, net of accumulated depreciation	14,027,880	161,398 -	-
Other assets	-	-	12,405
Total assets	21,961,740	1,288,256	235,198
DEFERRED OUTFLOWS OF RESOURCES			
State OPEB contributions	-	-	52,910
SEAD-OPEB contributions	-	-	3,109
Pension	197,565	-	43,893
Total deferred outflows of resources	197,565	-	99,912
LIABILITIES			
Accounts payable	291,931	20,953	5,198
Accrued liabilities	6,244	1,737	-
Due to other governments	12,994	-	17,494
Other current liabilities	-	5,853	-
Capital leases due within one year	129,438	-	-
Capital leases due in more than one year	584,669	-	-
Compensated absences due within one year	21,713	-	-
Compensated absences due in more than one year	65,140	-	11,743
Notes payable due within one year	-	61,473	-
Notes payable due in more than one year	-	11,303	-
Bonds payable due within one year	230,000	-	-
Bonds payable due in more than one year	1,710,000	-	-
Landfill post-closure costs due within one year	60,000	-	-
Landfill post-closure costs due in more than one year	1,544,411	-	-
Net pension liability	715,260	-	230,562
Net OPEB liability	-	-	235,367
Total liabilities	5,371,800	101,319	500,364

(Continued)

JENKINS COUNTY, GEORGIA

STATEMENT OF NET POSITION

JUNE 30, 2018

	Primary Government	Component Units	
DEFERRED INFLOWS OF RESOURCES	**Governmental Activities**	**Jenkins County Development Authority**	**Jenkins County Department of Health**
Pension	$ 222,693	$ -	$ 5,537
State OPEB contributions	-	-	17,046
SEAD-OPEB contributions	-	-	1,896
Total deferred inflows of resources	222,693	-	24,479
NET POSITION			
Net investment in capital assets	11,866,950	872,589	-
Restricted for:			
Capital projects	3,386,284	-	-
Economic development	148,630	-	-
Judicial	38,706	-	-
Public safety	209,104	-	-
Health and welfare	-	-	111,211
Unrestricted	915,138	314,348	(300,944)
Total net position	$ 16,564,812	$ 1,186,937	$ (189,733)

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

JENKINS COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 2,532,151	$ 325,727	$ 38,529	$ -
Judicial	678,630	1,307,432	-	-
Public safety	2,086,684	420,676	-	3,223
Public works	1,555,322	62,859	-	892,110
Health and welfare	413,563	-	-	-
Culture and recreation	503,027	70,399	7,963	-
Economic development	327,268	-	26,625	-
Conservation of natural resources	116,099	-	-	-
Interest on long-term debt	65,988	-	-	-
Total governmental activities	8,278,732	2,187,093	73,117	895,333
Component unit:				
Jenkins County Development Authority	$ 772,593	$ 73,529	$ 127,500	$ 384,772
Jenkins County Department of Health	332,829	113,435	259,359	-
Total component unit	$ 1,105,422	$ 186,964	$ 386,859	$ 384,772
	General revenues:			
	Property taxes			
	Sales taxes			
	Insurance premium taxes			
	Unrestricted investment earnings			
	Miscellaneous			
	Total general revenues			
	Change in net position			
	Net position, beginning of year			
	Net position, end of year			

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

	Net (Expenses) Revenues and Changes in Net Position		
		Component Unit	
	Governmental Activities	Jenkins County Development Authority	Jenkins County Department of Health
	$ (2,167,895)	$ -	$ -
	628,802	-	-
	(1,662,785)	-	-
	(600,353)	-	-
	(413,563)	-	-
	(424,665)	-	-
	(300,643)	-	-
	(116,099)	-	-
	(65,988)	-	-
	(5,123,189)	-	-
	-	(186,792)	-
	-	-	39,965
	$ -	$ (186,792)	39,965
	3,163,774	-	-
	1,677,652	-	-
	311,992	-	-
	2,068	-	-
	609,052	14,497	-
	5,764,538	14,497	-
	641,349	(172,295)	39,965
	15,923,463	1,359,232	(229,698)
	$ 16,564,812	$ 1,186,937	$ (189,733)

JENKINS COUNTY, GEORGIA

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	SPLOST V Capital Project Fund	SPLOST VI Capital Project Fund	TSPLOST Discretionary Fund
ASSETS				
Cash and cash equivalents	$ 3,076,377	$ 616,158	$ 686,931	$ 1,979,651
Taxes receivable	100,360	-	-	-
Accounts receivable	72,156	-	61,817	72,693
Due from other governments	43,272	-	-	-
Prepaid items	135,585	-	-	-
Total assets	$ 3,427,750	$ 616,158	$ 748,748	$ 2,052,344
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 141,347	$ -	$ 120,209	$ 30,375
Accrued liabilities	6,244	-	-	-
Due to other governments	-	-	12,994	-
Total liabilities	147,591	-	133,203	30,375
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	82,095	-	-	-
Total deferred inflows of resources	82,095	-	-	-

(Continued)

LMIG Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 111,936	$ 395,828	$ 6,866,881
-	-	100,360
-	21,288	227,954
-	-	43,272
-	-	135,585
$ 111,936	$ 417,116	$ 7,374,052
$ -	$ -	$ 291,931
-	-	6,244
-	-	12,994
-	-	311,169
-	-	82,095
-	-	82,095

JENKINS COUNTY, GEORGIA

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	SPLOST V Capital Project Fund	SPLOST VI Capital Project Fund	TSPLOST Discretionary Fund
FUND BALANCES				
Nonspendable:				
Prepaid items	$ 135,585	$ -	$ -	$ -
Restricted for:				
Capital projects	-	616,158	615,545	2,021,969
Economic development	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Unassigned	3,062,479	-	-	-
Total fund balances	3,198,064	616,158	615,545	2,021,969
Total liabilities, deferred inflows of resources, and fund balances	$ 3,427,750	$ 616,158	$ 748,748	$ 2,052,344

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Deferred outflows of resources are not due and payable in the current period, and therefore, are not reported in the funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net position of governmental activities

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

LMIG Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 135,585
111,936	20,676	3,386,284
-	148,630	148,630
-	38,706	38,706
-	209,104	209,104
-	-	3,062,479
111,936	417,116	6,980,788
$ 111,936	$ 417,116	
		14,587,688
		(140,598)
		197,565
		(5,060,631)
		$ 16,564,812

JENKINS COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	SPLOST V Capital Project Fund	SPLOST VI Capital Project Fund	TSPLOST Discretionary Fund
Revenues				
Taxes	$ 3,656,195	$ -	$ 706,689	$ 970,963
Licenses and permits	11,303	-	-	-
Intergovernmental	49,715	-	-	-
Fines and forfeitures	1,098,220	-	-	-
Charges for services	628,642	-	-	-
Investment income	1,022	1,894	2,712	5,029
Miscellaneous	933,372	-	-	-
Total revenues	6,378,469	1,894	709,401	975,992
Expenditures				
Current:				
General government	930,899	-	-	-
Judicial	675,396	-	-	-
Public safety	2,114,575	-	-	-
Public works	1,284,684	-	-	-
Health and welfare	392,707	-	-	-
Culture and recreation	479,712	-	-	-
Conservation of natural resources	113,838	-	-	-
Economic development	207,829	-	-	-
Intergovernmental	-	-	137,475	-
Capital outlay	-	40,800	450,653	471,334
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	6,199,640	40,800	588,128	471,334
Excess (deficiency) of revenues over (under) expenditures	178,829	(38,906)	121,273	504,658

(Continued)

LMIG Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 5,333,847
-	-	11,303
460,624	437,102	947,441
-	134,504	1,232,724
-	-	628,642
1,458	1,046	13,161
-	20	933,392
462,082	572,672	9,100,510
-	-	930,899
-	-	675,396
-	81,442	2,196,017
-	-	1,284,684
-	-	392,707
-	-	479,712
-	-	113,838
-	16,709	224,538
-	-	137,475
787,289	435,593	2,185,669
-	275,361	275,361
-	65,988	65,988
787,289	875,093	8,962,284
(325,207)	(302,421)	138,226

JENKINS COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	SPLOST V Capital Project Fund	SPLOST VI Capital Project Fund	TSPLOST Discretionary Fund
Other financing sources (uses):				
Issuance of debt	$ 675,315	$ -	$ -	$ -
Transfers in	-	-	-	-
Transfers out	-	-	(319,080)	-
Total other financing sources (uses)	675,315	-	(319,080)	-
Net change in fund balances	854,144	(38,906)	(197,807)	504,658
Fund balance, beginning of year	2,343,920	655,064	813,352	1,517,311
Fund balance, end of year	$ 3,198,064	$ 616,158	$ 615,545	$ 2,021,969

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

LMIG Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 675,315
-	319,080	319,080
-	-	(319,080)
-	319,080	675,315
(325,207)	16,659	813,541
437,143	400,457	6,167,247
$ 111,936	$ 417,116	$ 6,980,788

JENKINS COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds.	$	813,541
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		466,585
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(180,429)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(428,323)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(30,025)
	$	641,349

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

JENKINS COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Funds
ASSETS	
Cash	$ 730,741
Taxes receivable	195,510
Total assets	$ 926,251
LIABILITIES	
Due to others	$ 926,251

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jenkins County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. Reporting Entity

The County is a political subdivision of the State of Georgia. The County is governed by a five member elected board of county commissioners which is governed by state statutes and regulations. There are certain elected officials whose operations are wholly included within the financial records and financial statements of the County. These elected officials include the Sheriff, Tax Commissioner, Probate Court Judge and Clerk of State and Superior Court. The Magistrate Court Judge, which is appointed by the County Commission, is also included within the financial records and financial statements of the County. The cost of operations of the Superior Court Judges and the District Attorney, which are elected court functions, are shared with the State of Georgia. Only that portion of the cost for which the County is responsible is reported in the County's financial statements.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this entity includes the various constitutional officers including the Clerk of Court, the Sheriff, the Probate Court, the Tax Commissioner, the Magistrate Court and Probation.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the County's discretely presented component units. They are reported separately to emphasize that they are legally separate from the County.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Brief descriptions of the discretely presented component units follow:

Jenkins County Development Authority (the Development Authority) – The Authority is responsible for encouraging economic development within the County. The County Commission appoints a majority of the members of the Authority Board. The Authority is fiscally dependent upon the County for operating subsidies. Complete financial statements for the Authority may be obtained from it's administrative office.

Jenkins County Department of Health (the Health Department) – The Health Department works to promote and preserve the health of the citizens of the County. The Board consists of seven members, four of these members are appointed by the County Commission. Although the County does not have the authority to approve or modify the Health Department's budgets, it does have the ability to control the amount of funding it provides to the Health Department and such funding is significant to the overall operations of the Health Department. Complete financial statements for the Health Department may be obtained from its administrative office.

B. Basis of Presentation

The County's basic financial statements consist of government-wide 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 government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole. All funds other than fiduciary activities are included at the government-wide reporting level. The primary government and the component units are presented separately within these financial statements with the focus on the primary government.

The statement of net position presents the financial position of the governmental activities of the County and it's discretely presented component units at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which report fees, and other charges to users of the County's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted for the functions use.

Other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing 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. Fund financial statements are provided for governmental funds.

Major individual governmental funds are reported in separate columns.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Governmental Funds – Government funds are those through which most governmental functions typically 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 purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities 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. The general fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Georgia.

SPLOST Capital Project Fund V – This fund accounts for the financial resources of the 2008 Special Purpose Local Option Sales Taxes.

SPLOST Capital Project Fund VI – This fund accounts for the financial resources of the 2013 Special Purpose Local Option Sales Taxes.

TSPLOST Discretionary Fund – This fund is used to account for the acquisition of property and the construction of projects designated to be funded by the special sales tax created with the Transportation Investment Act of 2010.

LMIG Fund – This fund is used to account for the and the construction and maintenance of projects designated to be funded by the Local Maintenance and Improvement Grant.

Fiduciary Funds – Fiduciary fund reporting focuses on net position. The County's fiduciary funds are agency funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position. The statement of activities reports revenues and expenses.

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 generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

D. Basis of Accounting

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

Revenues – Exchange Transactions – Revenue 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 recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

Revenues – Non-exchange Transactions – Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal 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 a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred inflows of resources (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as unearned revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

E. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Investments are stated at fair value, based on quoted market prices or the best estimate thereof.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash, Cash Equivalents, and Investments (Continued)

Georgia law authorizes the County to invest in the following types of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

F. Receivables

All receivables are reported at their net realizable value.

G. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental activities column of the statement of net position.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

I. Capital Assets

Capital assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the government fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value. The County maintains a capitalization threshold of $5,000 dollars, The County began reporting its infrastructure prospectively beginning July 1, 2003. Improvements to capital assets 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 expensed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Asset Category	Years
Buildings	20-99
Vehicles	7-20
Machinery and equipment	5-20
Roads and infrastructure	20-80

J. Compensated Absences

Vacation 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 that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only "when due".

K. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases and installment obligations are recognized as a liability in the governmental fund financial statements when due.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

The County implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources*, and Net Position and No. 65, *Items Previously Reported as Assets and Liabilities*. These standards establish accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government- wide financial statements report deferred outflows related to pensions and will be recognized as pension expense over a five-year closed period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category; *unavailable revenue*, which arises only under a modified accrual basis of accounting, and deferred inflows related to pensions. The governmental funds report unavailable revenues from property taxes and other receivables, which are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The government-wide financial statements report deferred inflows related pensions and will be recognized as a reduction of pension expense over a five-year closed period.

M. Pensions

The County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* GASB Statement No. 68 establishes standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Association of County Commissioners of Georgia Pension Plan for County Employees (the “Plan”) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity

Equity at the governmental fund financial reporting level is classified as "fund balance". Equity for all other reporting is classified as "net position".

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant constraints imposed by formal action of the County Commissioners through the adoption of a resolution. By policy, the County Commissioners also may modify or rescind any commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through policy, authorization to assign fund balances remains with the Board.

- ***Unassigned*** – Fund balances are reported as unassigned when amounts do not meet any of the above criteria. The County reports positive unassigned fund balances only in the General Fund. Negative unassigned fund balances may be reported in all funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. EQUITY (CONTINUED)

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: 1) committed, 2) assigned, and 3) unassigned.

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted. When both restricted and unrestricted amounts of net position 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.

O. Interfund Activity

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 non-operating revenues/expenses section in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between funds reported in the governmental activities column are eliminated.

P. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, 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. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $5,060,631 difference are as follows:

Capital leases payable	$ (714,107)
Bonds payable	(1,940,000)
Landfill post-closure costs	(1,604,411)
Compensated absences	(86,853)
Net pension liability	(715,260)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (5,060,631)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position – governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $466,585 difference are as follows:

Capital outlay	$ 1,042,887
Depreciation expense	(576,302)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$ 466,585

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The details of this $428,323 difference are as follows:

Debt incurred (repaid):		
Capital leases	$	(675,315)
Capital leases		50,361
Revenue bonds		225,000
Landfill post-closure costs		(28,369)
Net adjustment to decrease net changes in *fund balances - total governmental funds* to arrive at changes in *net position - governmental activities*	$	(428,323)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $30,025 difference are as follows:

Compensated absences	$	(3,943)
Net pension liability		274,676
Deferred outflows of resources		(104,826)
Deferred inflows of resources		(195,932)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(30,025)

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The County is required to adopt an annual balanced budget for the general fund, each special revenue fund, and each debt service fund and requires a project-length balanced budget for each capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

All budgets are adopted on a GAAP basis. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the Board of County Commissioners.

The department head may approve budget transfers within departments with certain exceptions. During the year, the Board approved budget revisions. All unexpended annual appropriations lapse at year-end.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2018, expenditures exceeded budget, as follows:

Fund or Department		Excess
General Fund:		
Elections	$	15,933
Tax commissioner		4,868
County buildings		1,413
General administration		16,516
Superior court		42,069
Probate court		8,858
Law enforcement administration		56,406
Jail operations		78,845
Adult probation and parole		4,465
Ambulance		279,088
Coroner		996
Learning center		250
Senior citizens program		56,497
Recreation centers		122,562

The over-expenditures in the General Fund were funded by under-expenditures in other department and unanticipated revenue.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit Risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2018, all of the County's bank balances were properly insured and collateralized as defined by GASB pronouncements and the State of Georgia.

NOTE 5. RECEIVABLES

Receivables at June 30, 2018, consisted of accounts, taxes, and other receivables arising from grants.

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Receivables consisted of the following at June 30, 2018:

	General	SPLOST VI Capital Projects Fund	TSPLOST Discretionary Fund	Nonmajor Governmental Funds	Total
Receivables:					
Taxes	$ 100,360	$ -	$ -	$ -	$ 100,360
Accounts	72,156	61,817	72,693	21,288	227,954
Total receivables	$ 172,516	$ 61,817	$ 72,693	$ 21,288	$ 328,314

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 460,808	$ -	$ -	$ -	$ 460,808
Construction in progress	119,442	99,000	-	(119,442)	99,000
Total	580,250	99,000	-	(119,442)	559,808
Capital assets, being depreciated:					
Buildings	8,088,022	76,983	-	-	8,165,005
Vehicles	1,474,989	-	(25,703)	-	1,449,286
Roads and infrastructure	6,761,093	677,139		119,442	7,557,674
Machinery and equipment	4,244,810	189,765	-	-	4,434,575
Total	20,568,914	943,887	(25,703)	119,442	21,606,540
Less accumulated depreciation for:					
Buildings	1,616,559	113,124	-	-	1,729,683
Vehicles	1,117,597	63,599	(25,703)	-	1,155,493
Roads and infrastructure	771,323	222,974	-	-	994,297
Machinery and equipment	3,522,582	176,605	-	-	3,699,187
Total	7,028,061	576,302	(25,703)	-	7,578,660
Total capital assets, being depreciated, net	13,540,853	367,585	-	119,442	14,027,880
Governmental activities capital assets, net	$ 14,121,103	$ 466,585	$ -	$ -	$ 14,587,688

Depreciation expense was charged to functions/programs of the County as follows:

Governmental activities:	
General government	$ 28,408
Judicial	1,834
Public safety	133,905
Public works	270,595
Health and welfare	14,822
Culture and recreation	21,747
Conservation of natural resources	2,261
Housing and development	102,730
Total depreciation expense - governmental activities	$ 576,302

NOTE 7. LONG-TERM DEBT

Changes in Long-term Debt – Changes in the County's long-term obligations consisted of the following for the year ended June 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Landfill post-closure	$ 1,576,042	$ 81,208	$ 52,839	$ 1,604,411	$ 60,000
Capital leases	89,153	675,315	50,361	714,107	129,438
Genreal obligation bonds	2,165,000	-	225,000	1,940,000	230,000
Compensated absences	82,910	44,728	40,785	86,853	21,713
Net pension liability	989,936	349,548	624,224	715,260	-
Totals	$ 4,903,041	$ 1,150,799	$ 993,209	$ 5,060,631	$ 441,151

The general fund is funding the landfill closure/post-closure care costs. The compensated absences liability will be paid from the general fund.

Governmental Activities Bond Payable – The County issued bonds to acquire, construct and equip a new county jail. The original amount of the bond issuance was $ 2,595,000 with an interest rate of 2.46% with quarterly principal and interest maturity installments. Bond payments are reflected as debt service expenditures at the governmental fund reporting level. Annual debt service requirements to amortize the bonds outstanding as of June 30, 2018, are as follows:

Fiscal Year ending June 30,	Principal	Interest
2019	$ 230,000	$ 45,577
2020	235,000	39,887
2021	230,000	33,962
2022	235,000	28,155
2023	240,000	22,222
2024-2026	770,000	28,251
	$ 1,940,000	$ 198,054

Proceeds from the debt service fund will be used to liquidate the long-term bond liability.

Governmental Activities Capital Lease

The County previously entered into a capital lease for an industrial loader. The original amount of $159,328 was financed under this lease agreement with an interest rate of 2.14%.

On November 27, 2017, the County entered into a capital lease agreement for the purchase of various E911 equipment, an ambulance, and a motor grader. The original amount of $675,315 was financed under this lease agreement with an interest rate of 2.68%.

NOTE 7. LONG-TERM DEBT (CONTINUED)

The equipment acquired by the lease is included in governmental activities general capital assets in the amount of $351,517 with current year depreciation of $16,829 (cost of $407,293 less accumulated depreciation of $55,776). Depreciation of the governmental activities general capital assets recorded under capital leases is included in the accompanying statement of activities.

Future minimum lease payments are as follows:

Fiscal Year ending June 30,	Principal	Interest
2019	$ 129,438	$ 17,575
2020	62,118	15,256
2021	63,795	13,580
2022	65,516	11,859
2023	67,284	10,091
2024-2028	325,956	22,227
	$ 714,107	$ 90,588

Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level.

NOTE 8. INTERFUND BALANCES

The composition of interfund transfers for the year ended June 30, 2018, is as follows:

Transfers In	Transfers Out	Amount
Nonmajor Governmental Funds	SPLOST VI Capital Project Fund	$ 319,080

Transfers are used (1) to move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them, and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9. PROPERTY TAXES

County property truces are based on assessments of property values on January 1, 2017, assessed by the County True Assessors' office. The digest is prepared by the assessor's office and verified by the Georgia Department of Revenue. The Board of Commissioners set the property tax millage rate in September of 2017. Property tax bills were mailed in October and due in December. Property taxes attach as an enforceable lien on property as of January 1. The County bills and collects its own property taxes and also collects property taxes for the County Board of Education and the State of Georgia. Any taxes not paid by the due date are considered delinquent and are subject to a 10% penalty and an interest charge. If taxes remain delinquent by May of the following year, a lien is issued against the property, and the county can advertise and sell the property at a tax sale.

NOTE 10. DEFINED BENEFIT PENSION PLAN

A. Primary Government

Plan Description

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, the Association County Commissioners of Georgia Jenkins County Defined Benefit Plan (the “Plan”), covering the majority of all of the County’s employees. The County’s pension plan is administered through the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the “ACCG Plan”), an agent multiple-employer pension plan administered by GEBCorp and affiliated with the Association of County Commissioners of Georgia (“ACCG”). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at www.gebcorp.com or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Plan Membership

As of January 1, 2017, pension plan membership consisted of the following:

Retirees, Beneficiaries and Disabled receiving benefits	23
Terminated plan participants entitled to but not yet receiving benefits	41
Active employess participating in the Plan	35
Total number of Plan Participants	99

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of ACCG has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the County Board of Commissioners, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the actuarially determined rate. For the year ended June 30, 2018, the County's contribution rate was 13.37% of annual payroll. County contributions to the Plan were $148,752 for the year ended June 30, 2018.

Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2017.

Actuarial Assumptions. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.00% - 5.50%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table.

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

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (33.33%) and 30-year benchmarks (33.33%), as well as forward-looking capital market assumptions for a moderate asset allocation (33.34%), as determined by UBS. Expected future 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017, are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return*
S&P 500	30 %	3.07 %
Barclay's Agg.	30	1.97
MSCI EAFE	15	0.86
Citi Non US WEBI	5	0.3
NARREIT Equity	5	0.52
Russell 2000	5	0.47
Russell 3000	5	0.51
S&P Mid Cap	5	0.58
	100 %	

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

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the 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 of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended June 30, 2018, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	$ 3,876,314	$ 2,886,378	$ 989,936
Changes for the year:			
Service cost	40,622	-	40,622
Interest	273,940	-	273,940
Differences between expected and actual experience	(22,335)	-	(22,335)
Assumption changes	8,631	-	8,631
Contributions - employer	-	148,752	(148,752)
Net investment income	-	453,137	(453,137)
Benefit payments, including refunds of employee contributions	(195,672)	(195,672)	-
Administrative expenses	-	(7,477)	7,477
Other changes	-	(18,878)	18,878
Net changes	105,186	379,862	(274,676)
Balances at June 30, 2018	$ 3,981,500	$ 3,266,240	$ 715,260

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

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:

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
County's net pension liability	$ 1,137,750	$ 715,260	$ 355,854

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective.

Calculations are based on the substantive plan in effect as of December 31, 2017, and the current sharing pattern of costs between employer and employee.

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

For the year ended June 30, 2018, the County recognized pension expense of $174,834. At June 30, 2018, the County 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	$ 8,099	$ (33,031)
Changes in actuarial assumptions	98,407	-
Net difference between projected and actual earnings on pension plan investments	91,059	(189,662)
Total	$ 197,565	$ (222,693)

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2019	$ 23,648
2020	23,648
2021	401
2022	(34,892)
2023	(37,932)
	$ (25,128)

NOTE 11. LANDFILL POST-CLOSURE CARE LIABILITY

State and Federal laws and regulations require the County to place a final cover on its landfill when it stops accepting waste, and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs,* requires the County to report a liability for the estimated costs of closing and maintaining each landfill site. Recognition of a liability for landfill closure and post-closure care costs is based upon the capacity used to date of the County's landfill. The landfill has been closed and, accordingly, 100% of the estimated post-closure care costs are recognized. The estimated costs are the engineers' best estimate of future costs and could increase or decrease due to changes in inflation or deflation, technology or applicable laws and regulations. Expenditures of post-closure care costs reduce the liability. Costs incurred and expended for the year ended June 30, 2018 totaled $52,839. The remaining estimated liability for landfill closure and post-closure care is $1,604,411.

Closure and post-closure care costs will be revised on an annual basis, with the total estimated liability reduced as these costs are incurred. The County is exempt from the state requirement to establish a trust fund with an independent third party to accumulate assets needed for the actual payout of post-closure care costs.

NOTE 12. JOINT VENTURES

Under Georgia law, the County, in conjunction with other cities and counties in the 14 county east central Georgia area, is a member of the Central Savannah River Area Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2018, the County paid $5,220 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for debts or obligations of an RC. Separate financial statements may be obtained from:

Central Savannah River Area Regional Commission
P. 0. Box 2800
Augusta, Georgia 30914

NOTE 13. HOTEL/MOTEL LODGING TAX

The County has levied an 8% lodging tax. The County collects hotel/motel lodging tax and distributes the funds to the various government entities including the City of Millen (30%) and the Jenkins County Chamber of Commerce (70%). The County remitted $16,709 to the local entities noted above in conjunction with the ordinance establishing this tax. All expenditures were for promotion of tourism as required by OCGA 48-13-51.

NOTE 14. OTHER INFORMATION

A. Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the County believes such disallowances, if any, will be immaterial.

NOTE 14. OTHER INFORMATION (CONTINUED)

B. Risk Management

Interlocal Risk Management Agency – The County maintains third-party coverage for claims arising from property and casualty claims, theft, errors and omissions and general liability claims.

The County is a member of the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a risk sharing public entity risk pool. This fund was created to provide its members with an alternative method in which to finance their workers' compensation coverage. The authority to participate in this fund rests with the County Commissioners. The County's responsibility relates to paying an annual premium to the fund for its workers' compensation coverage. The fund purchases excess insurance to protect the fund from catastrophic losses and for any unexpected increase in frequency of smaller claims. 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 expenses incurred for investigation, negotiation or defense.

There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceed the County's insurance coverage during the past three years.

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REQUIRED SUPPLEMENTARY INFORMATION

JENKINS COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 2,184,683	$ 2,184,683	$ 2,015,135	$ (169,548)
Sales taxes	70,000	70,000	116,721	46,721
Other taxes	1,702,300	1,702,300	1,524,339	(177,961)
Licenses and permits	8,000	8,000	11,303	3,303
Intergovernmental	78,500	78,500	49,715	(28,785)
Fines and forfeitures	516,000	516,000	1,098,220	582,220
Charges for services	553,966	553,966	628,642	74,676
Investment income	1,000	1,000	1,022	22
Miscellaneous	920,827	940,827	933,372	(7,455)
Total revenues	6,035,276	6,055,276	6,378,469	323,193
Expenditures:				
Current:				
General government:				
Board of commissioners	564,599	564,599	449,951	114,648
Elections	46,083	46,083	62,016	(15,933)
Tax commissioner	109,088	109,088	113,956	(4,868)
Tax assessor	166,481	166,481	129,084	37,397
County buildings	87,743	87,743	89,156	(1,413)
General administration	70,220	70,220	86,736	(16,516)
Total general government	1,044,214	1,044,214	930,899	113,315
Judicial:				
Superior court	390,974	390,974	433,043	(42,069)
Magistrate court	100,007	100,007	93,704	6,303
Probate court	139,791	139,791	148,649	(8,858)
Total judicial	630,772	630,772	675,396	(44,624)

(Continued)

JENKINS COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Public safety:				
Law enforcement administration	$ 883,703	$ 903,703	$ 960,109	$ (56,406)
Jail operations	12,350	12,350	91,195	(78,845)
Adult probation and parole	91,907	91,907	96,372	(4,465)
Fire	74,850	74,850	64,778	10,072
Ambulance	588,918	588,918	868,006	(279,088)
Coroner	19,856	19,856	20,852	(996)
Emergency management	13,428	13,428	13,263	165
Total public safety	1,685,012	1,705,012	2,114,575	(409,563)
Public works:				
Road department	852,347	852,347	825,056	27,291
Landfill	479,298	479,298	459,628	19,670
Total public works	1,331,645	1,331,645	1,284,684	46,961
Health and welfare:				
Hospital authority	250,000	250,000	84,181	165,819
Health department	43,650	43,650	42,815	835
Mental health clinic	1,137	1,137	1,086	51
Learning center	4,544	4,544	4,794	(250)
Transportation program	139,290	139,290	41,697	97,593
Senior citizens program	153,025	153,025	209,522	(56,497)
Family and children services	8,612	8,612	8,612	-
Total health and welfare	600,258	600,258	392,707	207,551
Culture and recreation:				
Recreation centers	239,317	239,317	361,879	(122,562)
Libraries	126,958	126,958	117,833	9,125
Total culture and recreation	366,275	366,275	479,712	(113,437)
Economic development:				
Development authority	120,118	120,118	120,117	1
Airport	120,900	120,900	87,712	33,188
Total culture and recreation	241,018	241,018	207,829	33,189

(Continued)

JENKINS COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Conservation of natural resources				
County agent	$ 85,061	$ 85,061	$ 68,041	$ 17,020
Forestry supplemental services	14,891	14,891	14,889	2
ASCS	36,130	36,130	30,908	5,222
Total conservation of natural resources	136,082	136,082	113,838	22,244
Total expenditures	6,035,276	6,055,276	6,199,640	(144,364)
Excess (deficiency) of revenues over (under) expenditures	-	-	178,829	178,829
Other financing sources (uses):				
Capital lease	-	-	675,315	675,315
Total other financing sources (uses)	-	-	675,315	675,315
Net change in fund balance	-	-	854,144	854,144
Fund balance, beginning of year	2,343,920	2,343,920	2,343,920	-
Fund balance, end of year	$ 2,343,920	$ 2,343,920	$ 3,198,064	$ 854,144

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

JENKINS COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

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

	2018	2017	2016	2015
Total pension liability				
Service cost	**$ 40,622**	$ 44,633	$ 41,623	$ 41,386
Interest on total pension liability	**273,940**	269,046	247,558	238,472
Differences between expected and actual experience	**(22,335)**	(35,124)	30,191	-
Changes of assumptions	**8,631**	103,772	143,117	-
Benefit payments, including refunds of employee contributions	**(195,672)**	(186,583)	(165,379)	(152,036)
Net change in total pension liability	**105,186**	195,744	297,110	127,822
Total pension liability - beginning	**3,876,314**	3,680,570	3,383,460	3,255,638
Total pension liability - ending (a)	**$ 3,981,500**	$ 3,876,314	$ 3,680,570	$ 3,383,460
Plan fiduciary net position				
Contributions - employer	**$ 148,752**	$ 156,082	$ 151,069	$ 165,000
Net investment income	**453,137**	193,532	23,790	189,693
Benefit payments, including refunds of employee contributions	**(195,672)**	(186,583)	(165,379)	(152,036)
Administrative expenses	**(7,477)**	(11,458)	(7,763)	(7,377)
Other	**(18,878)**	(39,107)	(19,238)	(18,751)
Net change in fiduciary net position	**379,862**	112,466	(17,521)	176,529
Plan fiduciary net position - beginning	**2,886,378**	2,773,912	2,791,433	2,614,904
Plan fiduciary net position - ending (b)	**$ 3,266,240**	$ 2,886,378	$ 2,773,912	$ 2,791,433
County's net pension liability - ending (a) - (b)	**$ 715,260**	$ 989,936	$ 906,658	$ 592,027
Plan fiduciary net position as a percentage of total pension liability	**82.04%**	74.46%	75.37%	82.50%
Covered-employee payroll	**968,042**	1,048,413	975,934	977,609
County's net pension liability as a percentage of covered-employee payroll	**73.89%**	94.42%	92.90%	60.56%

The schedule will present 10 years of information once it is accumulated.

JENKINS COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS

	2018	2017	2016	2015	2014
Actuarially determined contribution	**$ 141,959**	$ 153,870	$ 144,935	$ 136,557	$ 157,856
Contributions in relation to the actuarially determined contribution	**148,752**	156,082	144,935	165,000	162,818
Contribution deficiency (excess)	**$ (6,793)**	$ (2,212)	$ -	$ (28,443)	$ (4,962)
Covered-employee payroll	**1,112,884**	968,042	1,048,413	975,934	977,609
Contributions as a percentage of Covered-employee payroll	**13.37%**	16.12%	13.82%	16.91%	16.65%

Notes to the Schedule

Valuation Date	January 1, 2017
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a five-year smoothing period
Assumed Rate of Return On Investments	7.25%
Projected Salary Increases	4.00% - 6.50% (including 3.0% inflation)
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

The schedule will present 10 years of information once it is accumulated.

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The **Jail Improvement Fund** – To account for revenues collected by the imposition of a 10% add-on fine as provided for by the Georgia Jail Construction and Staffing Act.

The **Law Library Fund** – To account for costs of operating and maintaining the County Law Library. Financing is provided from a $2 charge added to and collected on all costs in civil and criminal cases.

The **Drug Abuse T&E Fund** – To account for fines collected as required by state law for drug abuse treatment and educational purposes.

The **Juvenile Program Fund** – To account for fines and donations, which can be used to rehabilitate juveniles at the discretion of the juvenile judge.

The **Forfeitures Fund** – To account for monies deemed as forfeited property by courts to Jenkins County from cases related to illegal drug activity.

The **Hotel Motel Fund** – To account for hotel/motel tax funds received. The resources are restricted by state law and County code for tourism and tourism product development.

The **EIP CDBG Fund** – To account for proceeds and expenditures of the Economic Incentives Program Community Development Block Grant received from the Georgia Department of Community Affairs.

Debt Service Funds

The **Debt Service Fund** – To account for the accumulation of resources for the payment of debt principal and interest for the County.

Capital Projects Funds

The **SPLOST 4 Fund** is used to account for the financial resources provided from the 2009 one percent Special Purpose Local Option Sales Tax.

The **CDBG Grant Fund** – To account for proceeds and expenditures of the Community Development Block Grant received from the Georgia Department of Community Affairs.

AGENCY FUNDS

Tax Commissioner – To account for the collection and payment to Jones County and other taxing units of the property taxes levied, billed, and collected by the Tax Commissioner on behalf of Jones County and other taxing units.

Clerk of Superior Court – To account for all monies received by the Clerk of Superior Court on behalf of individuals, private organizations, other governmental units, and other funds.

Probate Court – To account for all monies received by the Probate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Magistrate Court – To account for all monies received by the Magistrate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Sheriff – To account for all monies received by the Sheriff's Department on behalf of individuals, private organizations, other governmental units, and other funds.

Probation – To account for all monies received by the Probation Officer on behalf of individuals, private organizations, other governmental units, and other funds.

JENKINS COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue		
	Jail Improvement Fund	Law Library Fund	Drug Abuse T & E Fund
ASSETS			
Cash	$ 88,039	$ 38,706	$ 117,417
Accounts receivable	-	-	-
Total assets	$ 88,039	$ 38,706	$ 117,417
FUND BALANCES			
Restricted for:			
Capital projects	-	-	-
Economic development	-	-	-
Judicial	-	38,706	-
Public safety	88,039	-	117,417
Total fund balances	$ 88,039	$ 38,706	$ 117,417

(Continued)

Special Revenue				Debt Service
Juvenile Program Fund	Forfeitures Fund	Hotel/Motel Tax Fund	EIP CDBG Grant Fund	Debt Service Fund
$ 1,666	$ 1,982	$ -	$ 127,342	$ -
-	-	-	21,288	-
$ 1,666	$ 1,982	$ -	$ 148,630	$ -
-	-	-	-	-
-	-	-	148,630	-
-	-	-	-	-
1,666	1,982	-	-	-
$ 1,666	$ 1,982	$ -	$ 148,630	$ -

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JENKINS COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Capital Projects		
	SPLOST IV Fund	CDBG Grant Fund	Totals
ASSETS			
Cash	$ 20,676	$ -	$ 395,828
Accounts receivable	-	-	21,288
Total assets	$ 20,676	$ -	$ 417,116
FUND BALANCES			
Restricted for:			
Capital projects	20,676	-	20,676
Economic development	-	-	148,630
Judicial	-	-	38,706
Public safety	-	-	209,104
Total fund balances	$ 20,676	$ -	$ 417,116

JENKINS COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Special Revenue		
	Jail Improvement Fund	Law Library Fund	Drug Abuse T & E Fund
Revenues:			
Intergovernmental	$ -	$ -	$ -
Fines and forfeitures	107,033	5,407	19,782
Investment income	19	-	130
Miscellaneous	20	-	-
Total revenues	107,072	5,407	19,912
Expenditures:			
Current:			
Public safety	68,000	-	254
Economic development	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	68,000	-	254
Excess (deficiency) of revenues over (under) expenditures	39,072	5,407	19,658
Other financing sources:			
Transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	39,072	5,407	19,658
Fund balances, beginning of year	48,967	33,299	97,759
Fund balances, end of year	$ 88,039	$ 38,706	$ 117,417

(Continued)

Special Revenue				Debt Service
Juvenile Program Fund	Forfeitures Fund	Hotel/Motel Tax Fund	EIP CDBG Grant Fund	Debt Service Fund
$ -	$ -	$ 16,709	$ -	$ -
500	1,782	-	-	-
-	7	-	832	-
-	-	-	-	-
500	1,789	16,709	832	-
288	12,900	-	-	-
-	-	16,709	-	-
-	-	-	-	-
-	-	-	-	255,159
-	-	-	-	63,921
288	12,900	16,709	-	319,080
212	(11,111)	-	832	(319,080)
-	-	-	-	319,080
-	-	-	-	319,080
212	(11,111)	-	832	-
1,454	13,093	-	147,798	-
$ 1,666	$ 1,982	$ -	$ 148,630	$ -

JENKINS COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Capital Projects		
	SPLOST IV Fund	CDBG Grant Fund	Totals
Revenues:			
Intergovernmental	$ -	$ 420,393	$ 437,102
Fines and forfeitures	-	-	134,504
Investment income	58	-	1,046
Miscellaneous	-	-	20
Total revenues	58	420,393	572,672
Expenditures:			
Current:			
Public safety	-	-	81,442
Economic development	-	-	16,709
Capital outlay	15,200	420,393	435,593
Debt service:			
Principal	20,202	-	275,361
Interest and fiscal charges	2,067	-	65,988
Total expenditures	37,469	420,393	875,093
Excess (deficiency) of revenues over (under) expenditures	(37,411)	-	(302,421)
Other financing sources:			
Transfers in	-	-	319,080
Total other financing sources	-	-	319,080
Net change in fund balances	(37,411)	-	16,659
Fund balances, beginning of year	58,087	-	400,457
Fund balances, end of year	$ 20,676	$ -	$ 417,116

JENKINS COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 2004 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Landfill					
Capital costs	$ 350,000	$ 637,596	$ 637,596	$ -	$ 637,596
Debt service	-	22,351	22,230	22,269	44,499
General government					
Equipment	-	35,000	32,574	-	32,574
Public works					
Buildings and improvements	48,000	124,100	123,068	-	123,068
Vehicles and equipment	44,500	185,159	185,159	-	185,159
Recreation department					
Buildings and improvements	50,000	50,000	45,920	-	45,920
Equipment	50,000	51,079	51,079	-	51,079
Pubilc Safety					
Buildings	150,000	301,124	198,840	-	198,840
Vehicles and equipment	172,000	375,000	372,502	-	372,502
Roads and bridges	417,821	400,321	245,483	15,200	260,683
General obligation debt	442,679	-	-	-	-
City of Millen	775,000	848,220	848,220	-	848,220
Total	$ 2,500,000	$ 3,029,950	$ 2,762,671	$ 37,469	$ 2,800,140

JENKINS COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 2008 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
General government					
Buildings and improvements	$ 578,000	$ 640,179	$ 640,179	$ -	$ 640,179
Equipment	18,000	19,608	19,608	-	19,608
Public safety					
Buildings and improvements	1,080,000	1,080,499	1,080,499	-	1,080,499
Vehicles and equipment	1,085,000	503,784	376,062	-	376,062
Public works					
Buildings and improvements	100,000	80,000	48,402	-	48,402
Vehicles and equipment	559,000	559,000	128,256	40,800	169,056
Roads	800,000	250,000	250,000	-	250,000
Health and welfare					
Vehicles and equipment	5,000	4,000	4,000	-	4,000
Economic development					
Infrastructure	200,000	100,000	35,000	-	35,000
City of Millen	1,575,000	1,029,070	1,029,070	-	1,029,070
Total	$ 6,000,000	$ 4,266,140	$ 3,611,076	$ 40,800	$ 3,651,876

JENKINS COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS – 2014 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Landfill					
Equipment	$ 200,000	$ 200,000	$ -	$ -	$ -
General government					
Buildings and improvements	385,500	385,500	124,195	205,591	329,786
Equipment	18,000	18,000	-	123	123
Public works					
Vehicles and equipment	677,000	639,365	228,924	-	228,924
Recreation department					
Buildings and improvements	150,000	187,635	187,635	182,907	370,542
Pubilc Safety					
Buildings	1,650,000	1,650,000	304,652	-	304,652
Vehicles and equipment	295,000	295,000	52,892	62,032	114,924
Roads and bridges	8,000	8,000	-	-	-
Health and welfare	65,000	65,000	11,745		11,745
Economic development	54,000	54,000	-	-	-
City of Millen	997,500	997,500	456,512	137,475	593,987
Total	$ 4,500,000	$ 4,500,000	$ 1,366,555	$ 588,128	$ 1,954,683

JENKINS COUNTY, GEORGIA

COMBINING BALANCE SHEET
AGENCY FUNDS
JUNE 30, 2018

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court
ASSETS				
Cash	$ 294,981	$ 134,717	$ 3,635	$ 5,929
Taxes receivable	195,510	-	-	-
Total assets	$ 490,491	$ 134,717	$ 3,635	$ 5,929
LIABILITIES				
Due to others	$ 490,491	$ 134,717	$ 3,635	$ 5,929

Sheriff	Probation	Total
$ 272,115	$ 19,364	$ 730,741
-	-	195,510
$ 272,115	$ 19,364	$ 926,251
$ 272,115	$ 19,364	$ 926,251

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COMPLIANCE SECTION

MAULDIN & JENKINS

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*

Board of Commissioners
of Jenkins County, Georgia
Millen, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jenkins County, Georgia (the "County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 28, 2018. Our report includes a reference to other auditors who audited the financial statements of the Jenkins County Department of Health and the Jenkins County Development Authority, as described in our report on the County's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting on compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2018-002 and 2018-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2018-001 to be a significant deficiency.

Compliance and Other Matters

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

Jenkins County, Georgia's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Mauldin & Jenkins, LLC

Macon, Georgia
December 28, 2018

JENKINS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Awards

There was not an audit of major federal programs as of June 30, 2018 due to the total amount expended being less than $750,000.

JENKINS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2018-001. Segregation of Duties

Criteria: Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: During our review of the internal control procedures of the County, we noted that there are instances of overlapping duties with regard to the day-to-day activities of the employees in the offices of elected officials (Tax Commissioner, Probate Court, Magistrate Court and the Probation Office), the Law Library and the County's Finance Department.

Context: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business. Examples of segregation of duties issues are as follows:

- Cash receipts are handled by the same individual(s) who also makes bank deposits, reconciles the bank accounts, and posts activity to the general ledger.
- Individuals responsible for the preparation of checks for distribution are also approving the disbursements, signing the checks and reconciling the bank statements.
- The individual responsible for the preparation of payroll is also responsible for other payroll duties, including time keep and distribution.

Effect: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: The failure to properly segregate duties is due to the limited number of individuals available in each office to perform each of the duties.

Recommendation: Although we understand the limited number of employees involved and the resulting overlapping of duties, we recommend that there be adequate segregation of duties to ensure proper recording and recognition of accounting transactions, and to lessen the potential for misappropriation of County assets. The duties of recording, distribution, approving, writing and signing of checks, and reconciliation of accounts should be segregated among employees.

Views of Responsible Officials and Planned Corrective Action: We are aware of this situation and will continue to evaluate the costs and related benefits of adding additional personnel in certain departments to alleviate this problem. We will continue to use alternative measures where available to assist in safeguarding assets.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018-002. Management of Accounts Payable

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets.

Condition: Accounts payable were incorrectly recorded in the General Fund, SPLOST VI Fund, and the TSPLOST Discretionary Fund as of June 30, 2018.

Context: We addressed this matter with the County to determine the appropriate amounts to record as of and for the year ended June 30, 2018.

Effect: Significant audit adjustments were required with the total effect for each fund noted below:

Accounts Payable

- General Fund – increase in accounts payable and expenditures of $91,124
- SPLOST VI Fund – increase in accounts payable and expenditures of $120,208
- TSPLOST Discretionary Fund – increase in accounts payable and expenditures of $30,375

Cause: There was an overall lack of appropriate controls implemented at the County during the fiscal year.

Recommendation: The County should implement the necessary controls to ensure proper recognition of accounts payable during their financial reporting process.

View of Responsible Officials and Planned Corrective Action: We concur with the finding. We will establish internal controls and procedures to ensure proper recognition of accounts payable during their financial reporting process.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018-003. Management of Long-term Obligations

Criteria: Generally accepted accounting principles require long-term obligations to be recorded in the accounting period in which they are incurred. Governmental accounting standards require liabilities reported in governmental-type funds and whose liquidation does not require current financial resources to be reported only at the government-wide level statement of net position. Additionally, governmental accounting standards also require that governmental funds record proceeds from the issuance of long-term obligations in the period of issuance as well as debt service expenditures and costs of issuance in the period paid.

Condition: The County did not record the proceeds from a capital lease entered into during the current fiscal year, and did not record payments on the debt or the capital outlay associated with the leased assets.

Context: We addressed these matters with County officials and they were able to determine the appropriate amounts to be recorded for the capital lease obligation as of June 30, 2018.

Effect: Current year audit adjustments were required to: 1) record proceeds from a capital lease in the General Fund in the amount of $675,315, and 2) to record payments to financial institutions for the payment on the capital lease in the Debt Service fund in the amount of $30,159.

Cause: The County did not establish the necessary procedures to ensure that all long-term obligations were properly recorded in the accounting period in which they were incurred.

Recommendation: We recommend the County implement controls and procedures to ensure that all long-term obligations of the County are properly recorded in the appropriate accounting period.

View of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures and implement controls to ensure that long-term obligations are properly recorded in the appropriate accounting period and are properly recognized in accordance with the measurement focus of the individual funds.

JENKINS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

JENKINS COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

2017-001. Segregation of Duties

Condition: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Criteria: For the fiscal year ended June 30, 2017, there was not appropriate segregation of duties among recording, distribution, reconciliation of cash accounts and other operational functions in the offices of the elected officials and the various funds possessed by the County.

Auditee Response/Status: Unresolved. See current year finding 2018-001.