LONG COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

LONG 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 Long County, Georgia
Ludowici, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Long 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 Long 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 Long County Board of Health, which represents 100% of the assets, deferred outflows of resources, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Long County Board of Health, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence that 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 the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2018, and the respective changes in financial position and the budgetary comparisons for the General Fund and E911 Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 10) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for the purpose of additional analysis as required by the Official Code of Georgia Annotated Section 48-8-121, and is 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 August 22, 2019, on our consideration of the County'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 Long County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Savannah, Georgia
August 22, 2019

LONG COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Within this section of Long County, Georgia (the "County") annual financial report, the County's management provides narrative discussion and analysis of the financial activities of the County for the year ended June 30, 2018. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the County's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

FINANCIAL HIGHLIGHTS

The County's net position is $13,972,698 for the year reported. This compares to the previous year when net position was $13,859,586.

Total net position is comprised of the following:

1. Net investment in capital assets, of $8,493,445 include property and equipment, net of accumulated depreciation, and reduced by outstanding debt related to the purchase and construction of capital assets.
2. Net position of $1,042,542 is restricted by constraints imposed upon the County by laws and regulations.
3. Unrestricted net position of $4,436,711 represent the portion available to maintain the County's continuing obligations to citizens and creditors.

The County's governmental funds reported total ending fund balance of $4,732,083 for the fiscal year ended June 30, 2018. An increase of $505,996 over the prior year.

At the end of the current period, unassigned fund balance for the General Fund was a positive $3,411,529.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 11 and 12 provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as trustee or agent for the benefit of those outside of the government.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The County's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide financial statements is the Statement of Net Position. This is the County-wide statement of position presenting information that includes all of the County's assets and liabilities, with the difference reported as Net Position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County as a whole is improving or deteriorating. Evaluation of the overall health of the County would extend to other nonfinancial factors such as diversification to the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the County's net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Governmental activities include general government, judicial, public safety, public works, health and welfare, culture and recreation, housing and development, and interest on long term debt. The County's fiduciary activities simply hold resources temporarily for others and are not included in the government-wide statements since these assets are not available to fund County programs.

The County's financial reporting includes the funds of the County (primary government) and, additionally, organizations for which the County is accountable (component units). These component units operate independently or provide services directly to the citizens, though the County remains accountable for their activities. These component units are governed by a board of directors that the County Commission has appointed. The County Health Department is reported separately from the primary government, though included in the County's overall reporting entity.

The government-wide financial statements are presented on pages 11 and 12 of this report.

Fund financial statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

All the funds of the County can be divided into categories: (1) governmental funds, and (2) fiduciary funds.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different, with fund statements providing a distinctive view of the County's governmental funds. These statements report short-term fiscal accountability focusing on the use of spending resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes a long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to assist in understanding the differences between these two perspectives.

Fiduciary funds (i.e., the agency funds) are reported in the fiduciary fund financial statements, but are excluded from government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund County programs. Fiduciary fund financial statements report similarly to proprietary funds.

The basic fiduciary fund financial statement is presented on page 19 of this report.

Notes to the basic financial statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are presented on pages 20 - 35 of this report.

Supplementary information

In addition to the basic financial statements and accompanying note disclosures, this report also presents certain required supplementary information concerning the County's budget presentation for the general fund and ambulance service and also required retirement disclosures. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the County's adopted and final revised budget.

The County reports major funds and component units are reported in the basic financial statements as discussed. Schedules relating to major capital project funds and combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report on pages 36 and 37.

Financial Analysis of the County as a Whole

The County's assets exceeded its liabilities by $13,792,698 at June 30, 2018. This is an $113,112 increase over the prior year. Assets increased primarily as the result of increased capital assets during 2018. Liabilities increased as a result of increased accounts payable at the end of fiscal year 2018. The following table provides a summary of the County's net position:

	Summary of Net Position Governmental Activities	
	2018	2017
Assets:		
Current and other assets	**$ 6,128,123**	$ 5,698,038
Capital assets	**9,909,615**	9,344,618
Total assets	**16,037,738**	15,042,656
Liabilities:		
Long-term debt outstanding	**1,416,170**	619,155
Other liabilities	**648,870**	563,915
Total liabilities	**2,065,040**	1,183,070
Net position:		
Net investment in capital assets	**8,493,445**	8,752,463
Restricted	**1,042,542**	917,539
Unrestricted	**4,436,711**	4,189,584
Total net position	**$ 13,972,698**	$ 13,859,586

The County reported positive balances in net position for fiscal year 2018. Net position increased by $113,112 over that of the prior year. While net position increased in the current year, it did not increase as significantly as it did in the prior year. This is the result of decreased revenues, primarily decreased operating grant revenues and increased general government and public works expenditures.

	Summary of Statement of Activities Governmental Activities	
	2018	2017
Revenues:		
Program revenues		
Charges for services	**$ 2,606,765**	$ 2,283,813
Operating grants and contributions	**639,694**	1,461,258
Capital grants and contributions	**522,143**	2,589
General revenues:		
Property taxes	**5,276,642**	5,626,832
Other taxes	**1,690,407**	1,650,816
Interest	**190,917**	6,645
Other revenues	**86,793**	235,000
Total revenues	**11,013,361**	11,266,953
Expenses:		
General government	**2,199,099**	1,420,411
Judicial	**1,115,570**	937,024
Public safety	**3,421,259**	3,445,624
Public works	**2,605,179**	2,296,752
Health and welfare	**723,200**	720,978
Culture and recreation	**425,512**	449,366
Housing and development	**345,931**	337,489
Interest on long-term debt	**64,499**	35,421
Total expenses	**10,900,249**	9,643,065
Change in net position	**113,112**	1,623,888
Net position, beginning, as restated	**13,859,586**	12,235,698
Net position, end of year	**$ 13,972,698**	$ 13,859,586

Financial Analysis of the County's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. The general fund reported ending fund balance of $3,538,390. Of this year-end total, $3,411,529 is unassigned. The remaining $12,681 is reported as non-spendable related to prepaid items.

Financial Analysis of the County's Funds (Continued)

The County reports two additional major governmental funds in addition to the General Fund. The E911 Fund and the SPLOST Fund. The E911 Fund reported a decrease in fund balance of $65,019 in the current fiscal year with ending fund balance of $23,024. The decrease in fund balance is the result of County not transferring funds from the General Fund in the current year to assist with E911 expenditures. The SPLOST Fund reported an increase in fund balance of $126,206 with an ending fund balance of $770,918. This increase is the result of approximately $1.1 million in capital lease proceeds received in the current year related to new capital lease obligations entered into by the County, offset by increased capital outlay expenditures incurred in fiscal year 2018.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets, net of accumulated depreciation, as of June 30, 2018, was $9,909,615. The increase was the result of current year additions exceeding depreciation expense. Significant current year additions included equipment for public works and the highway 57 sidewalk project.

Capital Asset Activitiy
Governmental Activities

	2018	2017
Land	**$ 873,755**	$ 873,755
Buildings and improvements	**1,954,852**	2,072,085
Machinery, equipment and vehicles	**1,751,931**	1,112,567
Infrastructure	**5,329,077**	5,286,211
	$ 9,909,615	$ 9,344,618

See Note 6 for additional information about the County's capital assets.

Long-term debt

At the end of the year, the County had total long-term debt outstanding of $1,416,170. The increase from the prior year was the result of new lease agreements entered into by the County during the fiscal year ended June 30, 2018.

The County's long-term debt relates to capital leases and net pension liability.

Long-term Debt Activity
Governmental Activities

	2018	2017
Capital leases	**$ 1,416,170**	$ 561,111
Note payable	**-**	31,044
	$ 1,416,170	$ 592,155

See Note 7 for additional information about the County's long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's elected and appointed officials considered many factors when setting the year ended June 30, 2018 budget and tax rates. Taxes and charges for services, the County's two largest sources of revenue, increased 1.00% and 66.8%, respectively, for the year ended June 30, 2018, when compared to the previous year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment of public accountability. If you have questions about this report or would like to request additional information, contact:

Long County Board of Commissioners
P.O. Box 476
Ludowici, Georgia 31316

BASIC FINANCIAL STATEMENTS

LONG COUNTY, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government	Component Unit
	Governmental Activities	Long County Board of Health
ASSETS		
Cash and cash equivalents	$ 5,107,103	$ 330,993
Receivables, net	814,510	11,446
Due from other governments	79,649	32,553
Prepaid items	126,861	-
Capital assets, non-depreciable	873,755	-
Capital assets, depreciable, net of accumulated depreciation	9,035,860	9,262
Total assets	16,037,738	384,254
DEFERRED OUTFLOW OF RESOURCES		
Pension	-	30,668
OPEB	-	24,964
Total deferred outflow of resources	-	55,632
LIABILITIES		
Accounts payable	544,495	84,408
Accrued liabilities	88,456	2,071
Due to other governments	15,919	16,380
Capital leases due within one year	329,076	-
Capital leases due in more than one year	1,087,094	-
Net pension liability	-	224,345
Net OPEB liability	-	194,145
Other noncurrent liabilities	-	8,284
Total liabilities	2,065,040	529,633
DEFERRED INFLOW OF RESOURCES		
Pension	-	45,282
OPEB	-	77,287
	-	122,569
NET POSITION		
Net investment in capital assets	8,493,445	9,262
Restricted for:		
Capital projects	770,918	-
Judicial	17,143	-
Public safety	254,481	-
Prior year program income	-	131,247
Unrestricted (deficit)	4,436,711	(352,825)
Total net position (deficit)	$ 13,972,698	$ (212,316)

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

LONG 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	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Component Unit Long County Board of Health
Primary government:						
Governmental activities:						
General government	$ 2,199,099	$ 749,840	$ 84,221	$ -	$ (1,365,038)	$ -
Judicial	1,115,570	717,311	-	-	(398,259)	-
Public safety	3,421,259	301,983	-	-	(3,119,276)	-
Public works	2,605,179	746,306	555,473	522,143	(781,257)	-
Health and welfare	723,200	38,644	-	-	(684,556)	-
Culture and recreation	425,512	52,681	-	-	(372,831)	-
Housing and development	345,931	-	-	-	(345,931)	-
Interest on long-term debt	64,499	-	-	-	(64,499)	-
Total governmental activities	10,900,249	2,606,765	639,694	522,143	(7,131,647)	-
Component unit:						
Long County Board of Health	331,664	131,396	221,571	-	-	21,303
Total component unit	$ 331,664	$ 131,396	$ 221,571	$ -	-	21,303
General revenues:						
Property taxes					5,276,642	-
Sales taxes					891,109	-
Other taxes					799,298	-
Unrestricted investment earnings					190,917	-
Gain on sale of capital assets					86,793	-
Intra/inter agency					-	113,461
Total general revenues					7,244,759	113,461
Change in net position					113,112	134,764
Net position (deficit), beginning of year					13,859,586	(70,594)
Prior period adjustment - Implementation of GASB 75					-	(276,486)
Net position (deficit), beginning of year, as restated					13,859,586	(347,080)
Net position (deficit), end of year					$ 13,972,698	$ (212,316)

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

LONG COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	E911	SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 3,718,008	$ 193,250	$ 796,094	$ 399,751	$ 5,107,103
Receivables, net of allowances	779,530	34,980	-	-	814,510
Due from other governments	31,955	-	47,694	-	79,649
Prepaid items	126,861	-	-	-	126,861
Total assets	$ 4,656,354	$ 228,230	$ 843,788	$ 399,751	$ 6,128,123
LIABILITIES					
Accounts payable	$ 282,338	$ 205,206	$ 56,951	$ -	$ 544,495
Accrued liabilities	88,456	-	-	-	88,456
Intergovernmental payable	-	-	15,919	-	15,919
Total liabilities	370,794	205,206	72,870	-	648,870
DEFERRED INFLOW OF RESOURCES					
Unavailable revenue					
Property taxes	747,170	-	-	-	747,170
Total deferred inflow of resources	747,170	-	-	-	747,170
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	126,861	-	-	-	126,861
Restricted for:					
Judicial	-	-	-	17,143	17,143
Public safety programs	-	23,024	-	231,457	254,481
Capital projects	-	-	770,918	-	770,918
Assigned for:					
Industrial development	-	-	-	151,151	151,151
Unassigned	3,411,529	-	-	-	3,411,529
Total fund balances	3,538,390	23,024	770,918	399,751	4,732,083
Total liabilities, deferred inflows of resources and fund balances	$ 4,656,354	$ 228,230	$ 843,788	$ 399,751	

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.	9,909,615
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the funds.	747,170
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,416,170)
Net position of governmental activities	$ 13,972,698

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

LONG COUNTY, GEORGIA

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

	General	E911	SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 6,567,324	$ -	$ 533,591	$ -	$ 7,100,915
Licenses and permits	173,181	-	-	-	173,181
Intergovernmental	639,694	-	484,987	-	1,124,681
Charges for services	1,529,492	212,495	-	52,738	1,794,725
Fines and forfeitures	172,569	-	-	38,644	211,213
Investment earnings	188,467	-	1,987	463	190,917
Contributions and donations	-	-	37,156	-	37,156
Miscellaneous	427,646	-	-	-	427,646
Total revenues	9,698,373	212,495	1,057,721	91,845	11,060,434
Expenditures					
Current:					
General government	1,990,508	-	-	-	1,990,508
Judicial	1,097,763	-	-	11,318	1,109,081
Public safety	3,240,771	277,514	-	16,693	3,534,978
Public works	1,630,923	-	-	-	1,630,923
Health and welfare	690,600	-	-	-	690,600
Culture and recreation	272,407	-	-	-	272,407
Housing and development	340,818	-	-	2,991	343,809
Intergovernmental	80,300	-	63,680	-	143,980
Capital outlay	-	-	1,738,072	-	1,738,072
Debt service:					
Principal	148,875	-	190,566	-	339,441
Interest and fiscal charges	12,895	-	51,604	-	64,499
Total expenditures	9,505,860	277,514	2,043,922	31,002	11,858,298
Excess(deficiency) of revenues over (under) expenditures	192,513	(65,019)	(986,201)	60,843	(797,864)
Other financing sources:					
Proceeds from sale of capital assets	21,404	-	-	-	21,404
Capital leases	170,049	-	1,112,407	-	1,282,456
Total other financing sources	191,453	-	1,112,407	-	1,303,860
Net change in fund balances	383,966	(65,019)	126,206	60,843	505,996
Fund balances, beginning of year	3,154,424	88,043	644,712	338,908	4,226,087
Fund balances, end of year	$ 3,538,390	$ 23,024	$ 770,918	$ 399,751	$ 4,732,083

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

LONG 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		$ 505,996
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 capital outlay exceeded depreciation expense in the current period.		
Capital outlay	$ 1,455,738	
Depreciation expense	(789,722)	666,016
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(101,019)
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenue in the funds.		(133,866)
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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Lease proceeds	(1,282,456)	
Lease principal payments	427,397	
Note payable principal payments	$ 31,044	(824,015)
		$ 113,112

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

LONG COUNTY, GEORGIA

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

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 6,691,250	$ 7,246,751	$ 6,567,324	$ (679,427)
Licenses and permits	129,100	129,100	173,181	44,081
Intergovernmental	564,463	575,763	639,694	63,931
Charges for services	1,647,200	1,808,800	1,529,492	(279,308)
Fines and forfeitures	-	-	172,569	172,569
Investment income	5,500	5,500	188,467	182,967
Miscellaneous	327,600	327,600	427,646	100,046
Total revenues	9,365,113	10,093,514	9,698,373	(395,141)
Expenditures				
General government:				
Legislative	411,798	540,144	362,518	177,626
Clerk of commissioners	342,957	392,699	381,544	11,155
County administrator	89,187	84,687	76,550	8,137
Elections	152,091	124,818	123,277	1,541
Financial administration	108,756	232,492	228,786	3,706
Tax commissioner	257,726	241,594	231,004	10,590
Tax assessor	272,536	312,157	246,123	66,034
Risk management	89,000	105,000	77,666	27,334
Government buildings	235,341	263,256	263,040	216
Total general government	1,959,392	2,296,847	1,990,508	306,339
Judicial:				
Superior court	79,680	113,270	96,125	17,145
Clerk of superior court	333,007	331,757	317,519	14,238
District attorney	53,280	53,280	53,280	-
State court	63,400	63,400	59,878	3,522
Misdemeanor probation	89,762	121,413	70,909	50,504
Solicitor	73,926	56,871	40,948	15,923
Magistrate/Probate court	305,378	294,207	241,133	53,074
Juvenile court	62,058	59,286	55,523	3,763
Public defender	125,115	125,115	162,448	(37,333)
Total judicial	1,185,606	1,218,599	1,097,763	120,836
Public safety:				
Sheriff	2,045,272	2,128,405	2,103,419	24,986
Housing of prisoners	495,000	495,000	495,000	-
Fire department	310,783	297,783	279,575	18,208
Emergency medical services	304,200	304,200	304,200	-
Coroner	39,413	37,892	38,288	(396)
Emergency management	67,763	49,711	20,289	29,422
Total public safety	3,262,431	3,312,991	3,240,771	72,220
Public works:				
Street department	969,346	871,613	754,648	116,965
Sanitation department	791,099	880,512	876,275	4,237
Total public works	$ 1,760,445	$ 1,752,125	$ 1,630,923	$ 121,202

(Continued)

LONG COUNTY, GEORGIA

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

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures (continued):				
Health and welfare:				
Public welfare	$ 212,156	$ 212,656	$ 180,766	$ 31,890
Meals programs	264,878	264,878	233,638	31,240
Headstart	99,991	99,991	35,977	64,014
Transportation services	283,012	292,085	240,219	51,866
Total health and welfare	860,037	869,610	690,600	179,010
Culture and recreation:				
Recreation	230,119	256,800	272,407	(15,607)
Total culture and recreation	230,119	256,800	272,407	(15,607)
Housing and development:				
County extension	51,837	44,309	37,630	6,679
Forestry conservation	31,741	31,601	31,495	106
Planning and zoning	11,100	28,600	20,845	7,755
Code enforcement	258,532	282,032	250,848	31,184
Total housing and development	353,210	386,542	340,818	45,724
Debt service:				
Principal	-	-	148,875	(148,875)
Interest and fiscal charges	-	-	12,895	(12,895)
Total debt service	-	-	161,770	(161,770)
Intergovernmental assistance	-	-	80,300	(80,300)
Total expenditures	9,611,240	10,093,514	9,505,860	587,654
Other financing sources:				
Sale of general capital assets	-	-	21,404	21,404
Capital leases	-	-	170,049	170,049
Total other financing sources	-	-	191,453	191,453
Net change in fund balances	(246,127)	-	383,966	383,966
Fund balance, beginning of year	3,154,424	3,154,424	3,154,424	-
Fund balance, end of year	$ 2,908,297	$ 3,154,424	$ 3,538,390	$ 383,966

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

LONG COUNTY, GEORGIA

E911 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Charges for services	$ 205,000	$ 205,000	$ 212,495	$ 7,495
Total Revenues	205,000	205,000	212,495	7,495
Expenditures				
Current:				
Public safety	205,000	205,000	277,514	(72,514)
Total expenditures	205,000	205,000	277,514	(72,514)
Net change in fund balances	-	-	(65,019)	(65,019)
Fund balance, beginning of year	88,043	88,043	88,043	-
Fund balance, end of year	$ 88,043	$ 88,043	$ 23,024	$ (65,019)

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

LONG COUNTY, GEORGIA

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

	Agency Funds
ASSETS	
Cash	$ 479,833
Taxes receivable	853,794
Total assets	$ 1,333,627
LIABILITIES	
Due to others	$ 479,833
Due to other governments	853,794
Total liabilities	$ 1,333,627

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-wide and Fund Financial Statements

The government-wide statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which relay to a significant extent on fees and charges for support. The County does not maintain any business-type activities. Likewise, the primary government is reported separately from its legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

Long County was incorporated in 1921 under the provisions of the laws of the State of Georgia. The County operates under a Board of Commissioners, which consists of a Chairman and four Commissioners and provides the following services: public safety, highways and streets, public improvements, and general and administrative services. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units are reported in a separate column of the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component unit – Long County Development Authority – included based on funding of budget requirements and the Authority provides services almost entirely to benefit the County. This unit is blended into the financial statements as a special revenue fund.

Discretely presented component unit – *Long County Board of Health D/B/A Long County Public Health Center* – The Center provides various health services for citizens in Long County under a contract with the Georgia Department of Human Resources (DHR). The County Commission approves a majority of the board members of the Board of Health and approves the budget for its operations.

Complete financial statements for the Long County Board of Health may be obtained at the following address: Long County Board of Health, District Health Director, District 9, Unit 1, 150 Scranton Connector, Brunswick, Georgia 31525-0540.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary fund. Separate statements for each fund category – governmental, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The ***General Fund*** is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The ***E911 Fund*** accounts for all financial resources related to the Enhanced 911 system (E911) that are legally restricted to expenditures for operation of the system.

The ***Special Purpose Local Option Sales Tax*** **(SPLOST)** ***Fund*** is used to account for 1% sales tax proceeds restricted for the acquisition or construction of specific capital projects as authorized by local referendum.

Additionally, the government reports the following fund types:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements (Continued)

Agency Funds – used to account for, on a temporary basis, amounts collected by the sheriff, tax commissioner, clerk of court, magistrate court and probate court that ultimately are transferred to the general fund or distributed to others.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting as are the fiduciary funds. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The agency funds do not have a measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the United States Government and agencies or corporations of the United States Government; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC of FSLIC; prime bankers acceptances; repurchase agreements; and Georgia Fund 1. The local government investment pool, "Georgia Fund 1," created by OCGA Section 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The County considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation. Georgia Fund 1 is exempt from any disclosure of custodial credit risk.

All investments are stated at fair value.

G. Receivables

In the fund financial statements, material receivables include revenue accruals such as property taxes, franchise fees, grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are reported as deferred inflows of resources in the fund financial statements. Accounts receivable includes unpaid sanitation charges. Property taxes and trade receivables are shown net of an allowance for uncollectibles.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e., non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

H. Prepaid Items

Prepaid balances are for payments made by the County in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for the subsequent expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

In the government-wide financial statements, capital assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported as assets in the governmental activities statement of net position. Capital assets, other than infrastructure assets, are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of three years. Infrastructure assets are defined by the County as assets with a cost of more than $100,000. Pursuant to GASB Statement 34, the County has reported infrastructure completed during the year and included construction in progress in its capital assets. Infrastructure completed prior to implementation of GASB 34 has not been reported. As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical costs. The reported value excludes normal maintenance and repairs which are essentially amount spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the County values these capital assets at the fair value of the item on the date of its donation.

Depreciation has been calculated on each class of depreciable property, using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Infrastructure	20 - 35 years
Machinery, equipment and vehicles	5 - 10 years

J. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. The capitalized lease obligations are stated at the original fair market value of leased assets capitalized, less payments since the inception of the lease, discounted at the implicit rate of interest in the lease.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County had no items that required reporting in this category.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and franchise fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. Equity Classifications

Equity is classified as net position and displayed in three components in the government-wide financial statements.

- **Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- **Restricted net position** consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- **Unrestricted net position** consists of all other net position that does not meet the definition of “restricted” or “net investment in capital assets”. In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid costs or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

- **Restricted fund balance** reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications (Continued)

- **Committed fund balance** can only be used for specific purposes pursuant to constraints imposed by formal resolution or ordinances of the County Commission – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the County Commission removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- **Assigned fund balance** reflects the amounts constrained by the County's "intent" to be used for a specific purpose, but are neither restricted nor committed. The County Commission and the County Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

- **Unassigned fund balance** is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

At June 30, 2018, the County did not have committed amounts. The County's restricted fund balance consisted of SPLOST resources restricted for capital projects and fines and forfeitures resources restricted for judiciary and public safety purposes. The County's assigned fund balance consisted of resources assigned to economic development.

M. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Accordingly, actual results could differ from these estimates.

P. Program Revenues

Amounts reported as program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenue.

Q. Property Taxes

Property taxes were levied on October 13, 2017, on property values assessed as of January 1, 2017. A millage rate of 15.695 was adopted on August 24, 2017. Property tax bills were mailed on October 31, 2017 and were considered past due on April 1, 2018, at which time the applicable property was subject to lien, and penalties and interest are assessed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Compensated Absences

Employees can earn vacation leave at the rate of five days during the first two years of employment; ten days after three through six years of employment; and fifteen days after seven years of employment. Vacation leave may not be carried from one anniversary year to the next. Unused vacation is forfeited. Employees resigning voluntarily and in good standings from County service will be paid for earned, unused vacation leave. Employees dismissed or not resigning in good standing will not be paid for earned, unused vacation leave. The County does not record a liability for vested vacation leave. Expenses are recognized in the financial statements at the time of payment.

Employees can earn sick leave at the rate of five days during the first two years of employment and ten days after two years of service. Ten days is the maximum leave which can be earned per year. Sick leave may be accumulated up to a maximum of sixty days. Unused sick leave will not be paid upon employee's termination. Accumulated sick leave benefits have not been recorded as a liability because these benefits are paid only upon the illness of an employee, and the amount of such payments cannot be reasonably estimated.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

State law requires that the County adopt by ordinance or resolution an annual balanced budget for the General Fund and all special revenue funds. A budget is balanced when the sum of estimated revenues and appropriated fund balance is equal to appropriations. The legal level of budgetary control over expenditures is exercised by the County at the department level for its General and special revenue funds. Appropriations lapse at year-end. An annual budget was not appropriated for the Development Authority Fund. As a result, housing and development expenditures exceeded appropriations in the Development Authority Fund by $2,991.

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

- Prior to year-end, the Finance Director submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at the County Courthouse to obtain taxpayer comments.
- Prior to July 1, the budget is legally enacted through approval by the Board of Commissioners.
- Budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

The Board of Commissioners has the authority to amend its budget as follows:

Any increase in appropriation for a department, whether accomplished through a change in anticipated revenue or through a transfer of appropriations in any fund among the various accounts within a department shall require only the approval of the budget officer.

B. Excess Expenditures over Appropriations

For the fiscal year ended June 30, 2018, General Fund expenditures exceeded appropriations at the legal level of budgetary control (department) as follows:

Public defender	$	37,333
Coroner		396
Recreation		15,607

For the fiscal year ended June 30, 2018, E911 Fund expenditures exceeded appropriations at the legal level of budgetary control by $72,514.

Overspending in the General Fund was funded by underspending in other departments. Overspending in the E911 Fund was offset by the use of fund balance.

NOTE 3. CASH AND INVESTMENTS

At year-end the carrying amount of the County's deposits, including its agency funds, was $5,586,936. As of June 30, 2018, the entire bank balance was insured and collateralized with securities held by the pledging financial institution’s trust department or agent in the government’s name.

Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by a surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of depository insurance. The County has no custodial credit risk policy that would require additional collateral requirements.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2018, the County had the following investment:

Investment	Average Credit Rating	Fair Value	Weighted Average Maturity (in days)
Georgia Fund 1	AAAf	10,919	10

Deposit and investment transactions are subject to a variety of risks. The County seeks to promote the safety of principal, provide adequate liquidity for operational needs, earn market rates of return on investments consistent with liquidity needs and investment quality, and conform to legal requirements.

Interest rate risk is the risk that changes in interest rates that will adversely affect the value of an investment. The County does not have a policy that addresses this risk.

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a policy that addresses this risk.

NOTE 4. RECEIVABLES

Receivables as of June 30, 2018, including the applicable allowances for uncollectible accounts are as follows:

Receivable	General	E911	Total
Taxes	$ 886,062	$ -	$ 886,062
Accounts	110,846	34,980	145,826
Gross Receivables	996,908	34,980	1,031,888
Less: Allowances for uncollectibles	(217,378)	-	(217,378)
Net Receivables	$ 779,530	$ 34,980	$ 814,510

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. There were no outstanding balances between funds as of June 30, 2018.

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in the other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. There were no transfers between funds for the fiscal year ended June 30, 2018.

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 873,755	$ -	$ -	$ 873,755
Construction in progress	-	-	-	-
Total	873,755	-	-	873,755
Capital assets, being depreciated				
Buildings and improvements	4,183,636	-	-	4,183,636
Machinery, equipment and vehicles	4,735,145	1,250,527	(430,059)	5,555,613
Infrastructure	6,493,797	205,211	-	6,699,008
Total	15,412,578	1,455,738	(430,059)	16,438,257
Less accumulated depreciation for:				
Buildings and improvements	(2,111,551)	(117,233)	-	(2,228,784)
Machinery, equipment and vehicles	(3,622,578)	(510,144)	329,040	(3,803,682)
Infrastructure	(1,207,586)	(162,345)	-	(1,369,931)
Total	(6,941,715)	(789,722)	329,040	(7,402,397)
Total capital assets, being depreciated, net	8,470,863	666,016	(101,019)	9,035,860
Governmental activities capital assets, net	$ 9,344,618	$ 666,016	$ (101,019)	$ 9,909,615

Depreciation expense was charged to functions/programs of the governmental activities of the primary government as follows:

General government	$ 17,203
Judicial	6,489
Public safety	226,856
Public works	351,347
Health and welfare	32,600
Culture and recreation	153,105
Housing and development	2,122
Total depreciation expense - governmental activities	$ 789,722

NOTE 7. LONG-TERM DEBT

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of land, buildings, vehicles, and other equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, the assets have been recorded at the present value of the future minimum lease payments as of the inception date in the general capital assets. The amortization of assets recorded under capital leases is included with depreciation expense in the amount of $266,193.

The assets acquired through capital leases are as follows:

Asset Class	Governmental Activities
Machinery and equipment	$ 1,912,428
Less: Accumulated depreciation	(663,768)
Total	$ 1,248,660

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

Fiscal year ending June 30,	Governmental Activities
2019	$ 405,768
2020	234,008
2021	235,164
2022	185,130
2023	178,376
2024	427,185
Total minimum lease payments	1,665,631
Less: Amounts representing interest	(249,461)
Present value of future minimum lease payments	1,416,170
Less current portion	(329,076)
Long-term portion of leases	$ 1,087,094

NOTE 7. LONG-TERM DEBT (CONTINUED)

USDA Note

The County entered into a note agreement with the United States Department of Agriculture, a federal agency, to fund the purchase of road maintenance equipment. The original amount of the note was $230,000 and has a 4.3% annual interest rate with monthly payments of $3,186 for 84 months. The note was paid in full during the fiscal year ended June 30, 2018.

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Capital leases payable	$ 561,111	$ 1,282,456	$ (427,397)	$ 1,416,170	$ 329,076
Notes payable	31,044	-	(31,044)	-	-
Total long-term liabilities	$ 592,155	$ 1,282,456	$ (458,441)	$ 1,416,170	$ 329,076

The reduction in capital leases payable includes $119,000 related to leases terminated during the current fiscal year.

NOTE 8. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and workers compensation for which the County carries the following insurance coverages:

The County joined the Georgia Interlocal Risk Management Agency (“GIRMA”). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by County’s management based on the anticipated needs. The County is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA’s responsibility includes paying claims and representing the County in defense and settlement of claims. GIRMA’s basis for estimating the liabilities for unpaid claims is “IBNR” established by an actuary. The County has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year.

The County is unaware of any claims which the County is liable (up to the applicable deductible) which were outstanding and unpaid at June 30, 2018.

NOTE 8. RISK MANAGEMENT (CONTINUED)

No provisions have been made in the financial statements for the year ended June 30, 2018, for any estimate of potential unpaid claims.

The County has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund ("GMAWCSIF"), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the County has no legal obligation to pay its own workers' compensation claims. The County is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the County's annual contribution, the County has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

The County pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

NOTE 9. COMMITMENTS AND CONTINGENCIES

The County has participated in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such audits could result in request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. The amount of expenditures which may be disallowed by granting agencies cannot be determined at this time; although, the County expects such amounts, if any, to be immaterial.

Various claims and lawsuits are pending against the County. The County estimates that the potential claims from the pending lawsuits against the County, not covered by insurance, would not materially affect the financial statements of the County.

In October 2003, the County entered into a third-party leasing arrangement with the Georgia Department of Human Services Division of Family and Children Services to fund the debt service on the building housing the Georgia Department of Family and Children Services in Long County. The arrangement is renewed on an annual basis. The County expects the arrangement to continue for the term of the debt obligation. In the event that the Georgia Department of Human Resources does not renew the third-party leasing arrangement, the County is obligated to make payments sufficient to pay the principal and interest on the debt obligation. Annual debt service on the building is $111,541. The debt obligation matures on April 1, 2024. At June 30, 2018, the outstanding amount of the debt totaled $568,918.

NOTE 10. EMPLOYEE RETIREMENT PLAN

ACCG 457(b) Deferred Compensation Plan for Long County Employees

The County offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, a defined contribution plan, is available to all county employees and permits employees to defer a portion of their salary until future years. The County matches the first $20 of each employee's deferral. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Plan assets are held in trust for the benefit of the plan participants and their beneficiaries, and will not be diverted to any other purpose. The plan is administered by the Government Employee Benefits Corporation of Georgia. Actual contributions to the plan by plan members were $18,073 and employer contributions were $7,036.

NOTE 11. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

Under Georgia law, the County, in conjunction with other cities and counties in the Coastal Georgia area, is a member of the Coastal Regional Commission of Georgia (CRC) and is required to pay annual dues thereto. Membership in a CRC is automatic for each municipality and county of the State. The official Code of Georgia Annotated Section 50-8-34 (Georgia Planning Act of 1989) provides for the organization structure of the CRC's. Each county and municipality in the State is required by law to pay minimum annual dues to the CRC based on population. The Board of the CRC includes elected officials from Member counties and cities and nonpublic appointed members. The law defines CRC's as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of a CRC beyond its resources. Complete financial statements of the CRC can be obtained from: Coastal Regional Commission, P.O. Box 1917, Brunswick, Georgia 31521.

LONG COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Jail Fund is used to account for proceeds from jail inmate commissary sales.

Drug Abuse and Treatment Fund is used to account for the collection of additional penalties for certain drug related crimes, donations related to drug education and for expenditure of those funds solely and exclusively for drug abuse treatment and education programs relating to controlled substances.

Seized Assets Fund is used to account for monies confiscated under federal and state law by Long County law enforcement officers related to controlled substance offenses. Such monies are restricted to defray the cost of complex investigations and to purchase equipment relating to said investigations.

Development Authority is used to account for the promotion and expansion of industry and trade within Long County.

LONG COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue					
	Law Library	Jail	Drug Abuse and Treatment	Seized Assets	Development Authority	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	$ 17,143	$ 163,788	$ 42,094	$ 25,575	$ 151,151	$ 399,751
Total assets	$ 17,143	$ 163,788	$ 42,094	$ 25,575	$ 151,151	$ 399,751
FUND BALANCES						
Restricted for:						
Judicial	17,143	-	-	-	-	17,143
Public safety	-	163,788	42,094	25,575	-	231,457
Assigned for:						
Industrial development	-	-	-	-	151,151	151,151
Total fund balances	$ 17,143	$ 163,788	$ 42,094	$ 25,575	$ 151,151	$ 399,751

LONG 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					
	Law Library	Jail	Drug Abuse and Treatment	Seized Assets	Development Authority	Total Nonmajor Governmental Funds
Revenues:						
Fines and forfeitures	$ 12,910	$ -	$ 25,734	$ -	$ -	$ 38,644
Charges for services	-	52,738	-	-	-	52,738
Interest income	-	395	50	-	18	463
Total revenues	12,910	53,133	25,784	-	18	91,845
Expenditures:						
Current:						
Judicial	11,318	-	-	-	-	11,318
Public safety	-	-	6,842	9,851	-	16,693
Housing and development	-	-	-	-	2,991	2,991
Total expenditures	11,318	-	6,842	9,851	2,991	31,002
Excess (deficiency) of revenues over (under) expenditures	1,592	53,133	18,942	(9,851)	(2,973)	60,843
Net change in fund balances	1,592	53,133	18,942	(9,851)	(2,973)	60,843
Fund balances, beginning of year	15,551	110,655	23,152	35,426	154,124	338,908
Fund balances, end of year	$ 17,143	$ 163,788	$ 42,094	$ 25,575	$ 151,151	$ 399,751

LONG COUNTY, GEORGIA

AGENCY FUNDS

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

LONG COUNTY, GEORGIA

COMBINING BALANCE SHEET
AGENCY FUNDS
JUNE 30, 2018

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
ASSETS						
Cash	$ 390,132	$ 54,453	$ 2,259	$ 655	$ 32,334	$ 479,833
Taxes receivable	853,794	-	-	-	-	853,794
Total assets	$ 1,243,926	$ 54,453	$ 2,259	$ 655	$ 32,334	$ 1,333,627
LIABILITIES						
Due to others	$ 390,132	$ 54,453	$ 2,259	$ 655	$ 32,334	$ 479,833
Due to other governments	853,794	-	-	-	-	853,794
Total liabilities	$ 1,243,926	$ 54,453	$ 2,259	$ 655	$ 32,334	$ 1,333,627

LONG COUNTY, GEORGIA

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

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
SPLOST:					
Road, Street, Bridge Improvements					
Long County	$ 1,764,000	$ 1,022,741	$ 978,457	$ 848,530	$ 1,826,987
City of Ludowici	336,000	336,000	319,441	63,680	383,121
Long County Recreation Complex	875,000	580,449	635,582	112,140	747,722
Public Safety Vehicles and Equipment					
Long County	441,000	341,469	173,503	-	173,503
City of Ludowici	84,000	84,000	79,861	-	79,861
Debt Service					
Road, street, bridge equipment	-	741,259	759,914	292,415	1,052,329
Recreation complex equipment	-	294,551	284,303	-	284,303
Public safety vehicles and equipment	-	99,531	99,531	-	99,531
Total	$ 3,500,000	$ 3,500,000	$ 3,330,592	$ 1,316,765	$ 4,647,357

Reconciliation of SPLOST schedule to financial statements:	
Total of SPLOST Fund expenditures	$ 2,043,922
Less local maintenance and improvement grants funding	(484,987)
Less debt service payments on equipment included on schedule	(242,170)
	$ 1,316,765

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 Long County, Georgia
Ludowici, Georgia

We have audited, in accordance with the 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 discretely presented component unit, each major fund and the aggregate remaining fund information of Long County, Georgia as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Long County, Georgia's basic financial statements, and have issued our report thereon dated August 22, 2019. Our report includes a reference to other auditors who audited the financial statements of the Long County Board of Health, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other 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 Long County, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Long County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Long County, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, as described in the accompanying schedule of findings and responses as items 2018-001, 2018-002, 2018-003, 2018-004, and 2018-005 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Long County, Georgia'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2018-006.

Long County, Georgia's Responses to Findings

Long County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Long County, Georgia'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 result 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

Savannah, Georgia
August 22, 2019

LONG 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?	___ Yes X No
Noncompliance material to financial statements noted?	X Yes ___ No

Federal Awards

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

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2018-001. Management of Long-term Debt and Capital Assets

Criteria: Generally accepted accounting principles require items purchased with a measurable future economic value be recorded as capital assets and depreciated over their useful life. Generally accepted accounting principles also require long-term obligations to be recorded in the accounting period in which they are incurred.

Condition: Capital asset activity nor long-term debt activity were maintained or appropriately recorded at June 30, 2018.

Context: We addressed these matters with the County to determine the appropriate amounts of capital asset activity and long-term debt activity that should be recorded as of June 30, 2018.

Effect: Significant audit adjustments were required as of June 30, 2018, in the General Fund to increase lease proceeds and capital outlay by $170,049 and the SPLOST Fund to increase cash and lease proceeds by $335,005.

Cause: The County did not establish the necessary procedures to ensure that that all long-term debt and capital asset activity were properly recorded and maintained in the accounting period in which they were incurred.

Recommendation: We recommend the County implement controls and procedures to ensure that all long-term debt and capital asset activity of the County are properly recorded and maintained in the appropriate accounting period. This should include maintenance of a detailed capital asset listing that is updated at least annually for any additions and/or deletions and the calculation of depreciation expense. Additionally, the County should maintain a detail listing of all long term debt activity for the year which would include all current year payments of principal and interest, addition of any new debt instruments, arriving at an ending long term debt balance.

LONG COUNTY, GEORGIA

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

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018-001. Management of Long-term Debt and Capital Assets (Continued)

Views of Responsible Officials and Planned Corrective Action: We concur. The County will work to implement the recommendation above to ensure all long term debt and capital asset activity is properly maintained and recorded.

2018-002. Year-end Closeout Procedures

Criteria: Generally accepted accounting principles require certain receivables, prepaid items, payables and income statement activity, be recorded in order to accurately reflect the overall financial position of the County.

Condition/Context: During our audit of certain accounts of the County, it was determined that the items noted in the following paragraphs were misstated. We addressed these matters with the County to determine the appropriate amounts to be recorded.

At June 30, 2018, property taxes receivable, intergovernmental receivable, and accounts receivable had not been adjusted in the General Fund or the E911 Fund to account for the year-end accruals; therefore property taxes receivable and accounts receivable and the related revenue were understated in the General Fund and E911 Fund, respectively, while the General Fund intergovernmental receivable and related revenue were overstated.

At June 30, 2018, accounts payable and accrued liabilities had not been adjusted in the General Fund or the E911 Fund to account for all accruals at year-end; therefore these liabilities were understated.

At June 30, 2018, due from agency funds had not been adjusted in the General Fund to account for all accruals at year-end; therefore due from the agency funds and the related revenue were overstated.

At June 30, 2018, the prepaid asset had not been adjusted in the General Fund to account for all accruals at year-end; therefore the prepaid asset was overstated and expenditures were understated.

At June 30, 2018, no income statement activity was recorded for the Law Library Fund, Seized Assets Fund, or the Development Authority Fund at year end; therefore revenues and expenditures were understated.

At June 30, 2018, various accounts had not been adjusted in the Development Authority Fund at year end; therefore fund balance and accounts receivable were overstated and cash and expenditures were understated.

At June 30, 2018, a final trial balance for the SPLOST Fund was not prepared.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018-002. Year-end Closeout Procedures (Continued)

Effect: Audit adjustments were needed for each of the items noted above. Their effects are as follows:

Receivables

- A decrease of $115,264 to intergovernmental receivables and revenue in the General Fund.
- An increase of $77,317 to property taxes receivable and revenue in the General Fund.
- An increase of $8,079 to accounts receivable and revenue in the E911 Fund.

Accounts Payable and Accrued Payables

- An increase of $177,772 to accrued liabilities and expenditures in the General Fund.
- An increase of $160,544 to accounts payable and expenditures in the E911 Fund.

Due from Agency Funds

- A decrease of $200,564 to due from agency funds and revenue in the General Fund.

Prepaid Asset

- A decrease of $40,717 to prepaid assets and increase in expenditures for the same amount in the General Fund.

Income Statement Activity

- An increase of $11,318 to expenditures and an increase of $12,910 to revenues in the Law Library Fund.
- An increase of $9,851 to expenditures and a decrease in cash for the same amount in the Seized Assets Fund.

Development Authority Fund

- An increase to fund balance of $7,871, a decrease in accounts receivable of $11,000, an increase to cash of $15,898 and an increase in expenditures of $2,973 in the Development Authority Fund.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018-002. Year-end Closeout Procedures (Continued)

Cause: The County did not review accruals and estimates at year end to determine the proper reporting of such accruals.

Recommendation: We recommend that the County implement a more detailed review process at year-end to ensure all account balances have been adjusted and are properly stated for each reporting period.

Views of Responsible Officials and Planned Corrective Action: We concur. The County will work to implement the recommendation above to ensure all account balances are properly stated at each reporting period.

2018-003. Bank Statement Reconciliations (Repeat)

Criteria: Internal controls and effective procedures should be in place to ensure all bank statements are reconciled monthly. Additionally, the reconciliation should be reviewed by an individual independent of the reconciliation process.

Condition: During the audit, we noted that bank statements for the County's various accounts were not reconciled to the general ledger. In addition, there is currently no procedure in place to review the bank reconciliations after they are completed. This practice would greatly enforce the checks and balances necessary for strong controls over cash.

Context: The lack of a proper reconciliation process could lead to the misappropriation of cash as well as lead to incorrect reporting of the County's cash position during the year.

Effects: See Context above.

Cause: The lack of comprehensively designed procedures related to the bank account reconciliation process.

Recommendation: We recommend all County bank accounts be reconciled monthly to the general ledger and any reconciling items be promptly investigated and adjusted with adequate explanations. We suggest a member of management, such as the Finance Director, review the bank reconciliations for any unusual items, investigate and fully resolve any such items, and document their approval by initialing the reconciliation.

View of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures and implement controls to ensure that all bank statements are accurately reconciled to the general ledger on a monthly basis.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018-004. 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: There is not appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County and elected officials. Additionally, there is a lack of approval of manual journal entries posted to the accounting system.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures. Journal entries are not approved or reviewed prior to posting.

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. Additionally, the lack of a review of journal entries can lead to misappropriation of funds that is not detected.

Cause: The lack of segregation of duties and review of journal entries is due to the lack of a properly developed integrated work plan with appropriate controls. In addition, in certain circumstances there are a limited number of trained individuals in each office available to perform all of the duties.

Recommendation: We recommend the duties of recording, distributing, and reconciling of accounts be segregated among employees. Also, we recommend greater segregation of duties relative to: making deposits, opening mail, posting receipts, and signing of checks. Additionally, we recommend manual journal entries be reviewed and approved prior to posting by an individual with suitable knowledge of the County's accounting policies related to financial reporting.

Views of Responsible Officials and Planned Corrective Action: We concur. The County is in the process of reviewing their respective systems and processes to evaluate and determine the most efficient and effective solution to properly segregate duties among all County functions and review journal entries to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

2018-005. Due to Others – Agency Funds

Criteria: Internal controls and effective procedures should be in place to ensure accurate supporting records are maintained to support financial statement amounts. Specifically, as to who cash amounts held by the elected official offices are owed at any given time.

Condition: Records of who cash amounts on hand were owed are not maintained by the respective elected official offices of the County.

Context: See condition above.

Effect: Failure to properly segregate amounts owed to the County, other governments, entities or individuals can lead to misappropriation of funds that are not detected during the normal course of business.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018-005. Due to Others – Agency Funds (Continued)

Cause: The lack of maintenance of supporting schedules for amounts held by the elected officials.

Recommendation: We recommend all elected officials maintain records as to who cash amounts are owed to ensure amounts are paid to the respective entities they are due on a timely basis.

Views of Responsible Officials and Planned Corrective Action: We concur. Elected Officials are in the process of developing procedures to properly maintain records of who cash amounts on hand are owed to.

2018-006. Special Revenue Fund Budgets (Recurring)

Criteria: In accordance with state law, all local governments shall operate under an annual balanced budget for the General Fund, each special revenue fund, and each debt service fund in use by the local government.

Condition: Management has not adopted an annual budget for the Development Authority Fund.

Context: See condition above.

Effect: The purpose of state law is to establish minimum budget, accounting, and auditing requirements for local governments so as to provide local taxpayers with an opportunity to gain information concerning the purposes for which local revenues are proposed to be spent and are actually spent and to assist local governments in generally improving local financial management practices. When budgets are not adopted it is difficult for local taxpayers and other interested parties to gain information on how local revenues were proposed to be spent.

Cause: Oversight during budget process**.**

Recommendation: We recommend management adopt budgets for all special revenue funds, including blended component units.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. In FY 2019 management will prepare and pass budgets for all special revenue funds, including blended component units, as required by statute.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

LONG COUNTY, GEORGIA

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

STATUS OF PRIOR YEAR AUDIT FINDINGS

2017-001. Budget Overruns and Amendments

Criteria: The annual budget is prepared as a working operational plan that, upon approval, becomes a legal working document for the County.

Condition: During our test of expenditures, we noted several departments that reported excess expenditures over appropriations at June 30, 2017.

Auditee Response/Status: Unresolved. See Note 2 of the basic financial statements.

2017-002. Special Revenue Fund Budgets

Criteria: All local governments shall operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government.

Condition: Management has not adopted annual budgets for all special revenue funds.

Auditee Response/Status: Unresolved. See current year finding 2018-006.

2017-003. Bank Statement Reconciliations

Criteria: All bank statements should be reconciled monthly and the reconciliation should be reviewed by someone independent of the reconciliation process.

Condition: During the audit, we noted that bank statements for the County's various accounts were not reconciled to the general ledger. In addition, there is currently no procedures in place to review the bank reconciliations after it is completed. This practice would greatly enforce the checks and balances necessary for strong controls over cash.

Auditee Response/Status: Unresolved. See current year finding 2018-003.