ANNUAL FINANCIAL REPORT

MCDUFFIE COUNTY,
GEORGIA

YEAR ENDED DECEMBER 31, 2014

MCDUFFIE COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2014

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	15
Statement of Net Position	16
Statement of Activities	17
Balance Sheets – Governmental Funds	18
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	19
Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statements of Net Position – Proprietary Funds	22
Statements of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	23
Statements of Cash Flows – Proprietary Funds	24
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	25
Notes to Financial Statements	26
REQUIRED SUPPLEMENTAL INFORMATION	50
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual – General Fund by Object	51
COMBINING AND INDIVIDUAL FUND STATEMENTS	52
General Fund	53

MCDUFFIE COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2014

TABLE OF CONTENTS

	Page
Nonmajor Governmental Funds	54
Combining Balance Sheet-Nonmajor Governmental Funds	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances- Nonmajor Governmental Funds	56
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual – Jail Fund	57
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual – Law Library Fund	58
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual – Juvenile Probation Fund	59
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual – Drug Task Force Fund	60
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual – Hotel/Motel Tax Fund	61
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual – Wireless Emergency Telephone System Fund	62
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual – Landfill Surcharge Fund	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual – Emergency Telephone System Fund	64
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual – Drug Forfeiture Fund	65
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual – LMIG Fund	66
Fiduciary Funds	67
Combining Balance Sheet-Fiduciary Funds	68
Combining Statement of Changes in Assets and Liabilities-Fiduciary Funds	69

MCDUFFIE COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2014

TABLE OF CONTENTS

	Page
SUPPLEMENTARY INFORMATION	71
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*	72
Schedule of Special Purpose Local Option Sales Tax 2004-2008	74
Schedule of Special Purpose Local Option Sales Tax 2009-2014	75
Schedule of Project Expenditures and Source and Application of Funds for Community Development Block Grants	77

Baird & Company *CPAs, LLC*
CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
McDuffie County, Georgia

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of McDuffie County, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the McDuffie County Health Department, a discretely presented component unit, whose statements reflect total assets of $119,752 and total net position of $74,078 as of June 30, 2014, and total revenues of $459,887 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the McDuffie County Health Department, is based on the report of other auditors.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the McDuffie County Health Department, a 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 McDuffie County, Georgia, is based solely on the report of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of McDuffie County, Georgia, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual General Fund on pages 4-14 and 53 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 text. 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 McDuffie County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Special Purpose Local Option Sales Taxes 2004-2008, Schedule of Special Purpose Local Option Sales Taxes 2009-2014, and the Schedule of Project Expenditures and Source and Application of Funds for Community Development Block Grants are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Special Purpose Local Option Sales Taxes 2004-2008, Schedule of Special Purpose Local Option Sales Taxes 2009-2014, and the Schedule of Project Expenditures and Source and Application of Funds for Community Development Block Grants 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, the of Schedule Special Purpose Local Option Sales Taxes 2004-2008, Schedule of Special Purpose Local Option Sales Taxes 2009-2014, and the Schedule of Project Expenditures and Source and Application of Funds for Community Development Block Grants 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 May 20, 2015, on our consideration of McDuffie County Georgia's internal control over financial reporting and on our tests of its compliances 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 McDuffie County Georgia's internal control over financial reporting and compliance.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
May 20, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

MCDUFFIE COUNTY GOVERNMENT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2014

As management of McDuffie County we offer the readers of our financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented in this analysis along with the complete financial statements and notes in the 2014 Audit Report to enhance their understanding of McDuffie County's financial performance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to McDuffie County Government's financial statements which include government-wide and fund statements as well as notes to the financial statements. This report also contains other supplementary information in addition to the basic financials that may be of interest to the reader.

McDuffie County's basic financial statements are comprised of three components: The first component is government-wide financial statements, second is fund financial statements and third, notes to the financial statements. The Government-wide financial statements present an overall picture of McDuffie County's financial position and results of operations. The Fund financial statements present financial information for McDuffie County's major funds. The Notes to the financial statements provide additional information concerning McDuffie County's finances that are not disclosed in the Government-wide or Fund financial statements.

Government-Wide Financial Statements

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

The statement of net position presents information on all the County's assets and liabilities, with the difference between the two 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 is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. The 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. This statement also presents a comparison between direct expense and program revenues for each function of the government.

Both statements attempt to distinguish functions of McDuffie County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

In the *Statement of Net Position* and the *Statement of Activities*, we divide the County into three kinds of activities:

- Governmental activities-Most of the County's basic services are reported here, including general government, public safety, highway and streets, health and welfare, culture and recreation, judicial system and economic development.
- Business-type activities-The County charges a fee to customers to help cover the cost of certain services it provides. The County's solid waste operations are reported here.
- Component units- The County includes two separate entities in our report, The Development Authority of McDuffie County and the City of Thomson, and the McDuffie County Health Department. The Development Authority serves to promote, pursue and implement economic development in the County. The Health Department is a public health department serving all citizens and non-citizens of McDuffie County needing the available services provided by the Health Department.

The government-wide financial statements can be found on pages 14-16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Like other state and local governments, McDuffie County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information present for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This will allow readers to better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds. McDuffie County reports three major governmental funds – General Fund, SPLOST V, Debt Service and Fund.

Proprietary Funds
The Government has one type of proprietary funds report used to account for activities that operate similar to commercial enterprises found in the private sector. The proprietary fund is the Solid Waste fund. This fund charges fees for services provided to outside customers including other local governments and are known as enterprise funds.

The proprietary fund statements can be found on pages 21-23 of this report.

Fiduciary Funds
Fiduciary Funds are used to account for resources held by the government for private organizations, other governments or other departments inside the government. The government is responsible for ensuring that these assets are used only for their intended purposes and are paid to the intended recipients. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's operation or programs. However, the accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 25 of this report.

Government-wide Financial Analysis

Net Position
Net position may serve over time as useful indicator of a Government's overall financial position to determine if the Government is improving or deteriorating. The Statement of Net Position presents information on all the Government's assets/deferred outflows and liabilities/deferred inflows, with the difference being reported as net position.

Government assets exceed liabilities by $40.1 million and $37.2 million as of December 31, 2014 and December 31, 2013, respectively. Management has included comparative data which may be useful in comparing the current year and noting possible changes. The largest portion of McDuffie County's net position, 71%, reflects its investment in capital assets such as land, buildings, roads and equipment. The balance of unrestricted net position, 12% in 2014 and 10% in 2013 may be used to meet the Government's obligations to citizens and creditors.

The following table provides a summary of the County's governmental and business-type net position for fiscal year 2014 and 2013.

McDuffie County's Net Position
December 31, 2014 and 2013

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	$13,745,572	$12,949,078	$150,707	$234,550	$13,896,279	$12,949,078
Capital assets, net	39,639,373	39,876,233	639,334	472,775	40,278,707	39,876,233
Total assets	53,384,945	52,825,311	790,041	707,325	54,174,986	53,797,661
Liabilities						
Current and other liabilities	2,362,275	2,769,368	132,409	125,051	2,494,684	2,769,368
Long-term liabilities	11,385,000	12,770,000	282,877	297,506	11,667,877	12,770,000
Total liabilities	13,747,275	15,539,368	415,286	422,557	14,162,561	15,539,368
Net Position						
Invested in capital assets, net related debt	28,191,880	26,990,923	639,334	472,775	28,831,214	26,990,923
Restricted - Capital Projects	3,106,025	3,017,425			3,106,025	3,017,425
Restricted - Special Revenues	1,581,138	1,574,534			1,581,138	1,574,534
Restricted - Debt Service	1,980,219	1,981,553			1,980,219	1,981,553
Unrestricted	5,260,939	3,721,508	-264,579	-188,007	4,996,360	3,721,508
Total net position	$40,120,201	$37,285,943	$374,755	$284,768	$40,494,956	$37,285,943

Changes in Net Position

Governmental Activities

Governmental activities increased the Government's net position by $2.4 million. Listed below are some of the key elements of this change:

Governmental Revenues: The main source of revenues for governmental activities is property tax collections which represented 58.3% of the total governmental revenues. Property taxes increased by $876,571 from 2013 as a result of a higher collection rate for 2014 and prior years. The Motor Vehicle Title Ad Valorem Tax was implemented which contributed to an increase in property taxes. The recent law changes removes sales and use tax on the purchase of motor vehicles and the annual ad valorem tax on the same motor vehicles and replace these taxes with a one-time title ad valorem tax paid every time the ownership of a vehicle is transferred. Sales tax collections reflected a slight decrease due to implementation

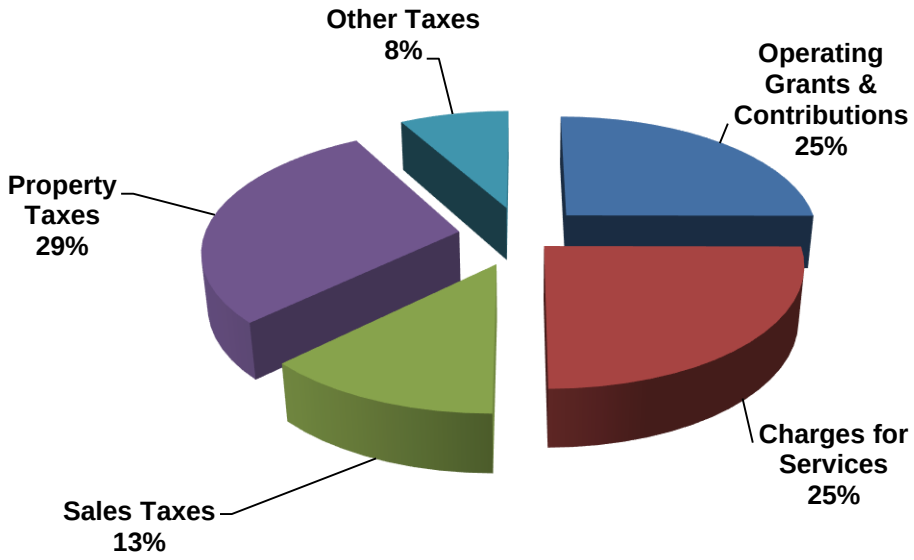
Governmental Functional Expenses: As reflected in the changes in net position, the Government expended $121,993 above the previous year. Public Safety represents of 42% of the Government's budget. The County is committed to providing substantial financial resources for the safety of its citizens.

Business-type activities: Business-type activities increased the Government's net position by approximately $89,987. The Solid Waste Facility increased the tipping fees by $1 per ton resulting in higher revenue collections. Also, a new contract was negotiated for hauling and disposal costs which should lower the operating costs in 2015.

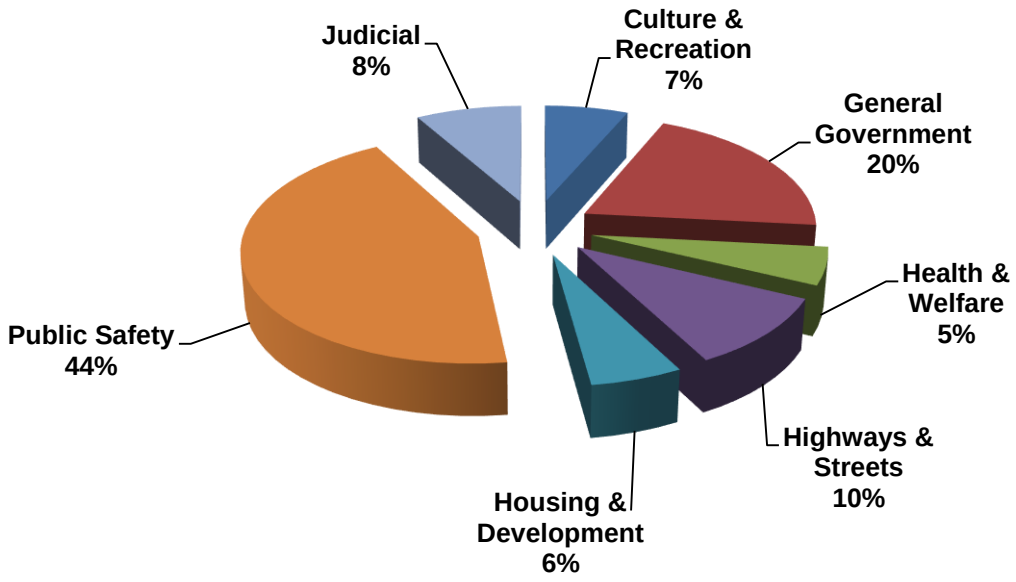
McDuffie County
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for Services	$5,271,497	$4,003,609	-	-	$5,271,497	$4,003,609
Water Fund	-	-	-	-	-	-
Sewer Fund	-	-	-	-	-	-
Solid Waste	-	-	1,608,747	1,483,861	1,608,747	1,483,861
Operating Grants & Contributions	97,649	51,775	-	114,031	97,649	165,806
Capital Grants & Contributions	351,825	520,059	-	-	351,825	520,059
Total Program Revenues	5,720,971	4,575,443	1,608,747	1,597,892	7,329,718	6,173,335
General Revenues:						
Property taxes	5,604,507	4,727,936	-	-	5,604,507	4,727,936
Sales taxes	6,810,706	6,268,822	-	-	6,810,706	6,268,822
Franchise taxes	81,823	76,048	-	-	81,823	76,048
Intangible taxes	43,965	66,567	-	-	43,965	66,567
Hotel/motel taxes	240,766	204,962	-	-	240,766	204,962
Alcoholic beverage taxes	391,136	299,697	-	-	391,136	299,697
Financial institution tax	33,644	35,554	-	-	33,644	35,554
Real estate transfer tax	10,248	9,522	-	-	10,248	9,522
Insurance premium tax	713,264	675,637	-	-	713,264	675,637
Interest income	3,776	1,131	-	-	3,776	1,131
Payments in lieu of taxes	36,802	34,383	-	-	36,802	34,383
Railroad taxes	5,948	5,879	-	-	5,948	5,879
Total General Revenues	13,976,585	12,406,138	-	-	13,976,585	12,406,138
Total Revenue	19,697,556	16,981,581	1,608,747	1,597,892	21,306,303	18,579,473
Expenses:						
General government	4,603,697	4,522,202	-	-	4,603,697	4,522,202
Public Safety	5,992,341	5,115,387	-	-	5,992,341	5,115,387
Public Works	2,746,705	2,857,348	-	-	2,746,705	2,857,348
Health & welfare	528,366	802,854	-	-	528,366	802,854
Water Fund	-	-	-	-	-	-
Sewer Fund	-	-	-	-	-	-
Solid Waste	-	-	1,693,640	1,538,300	1,693,640	1,538,300
Economic Development	473,542	801,885	-	-	473,542	801,885
Culture & recreation	952,637	1,015,309	-	-	952,637	1,015,309
Judicial	984,714	983,815	-	-	984,714	983,815
Interest	595,740	656,950	-	-	595,740	656,950
Total Expenses	16,877,742	16,755,750	1,693,640	1,538,300	18,571,382	18,294,050
Capital contributions	-	-	(23,793)	-	-	-
Transfers Out	14,445	(183,220)	(14,445)	183,220	-	-
Change in Assets	2,805,369	42,611	(123,131)	(115,056)	2,682,238	(72,445)
Ending Net Position	$ 40,120,201	$ 37,285,943	$ 374,755	$ 497,886	$ 40,494,956	$ 37,783,829

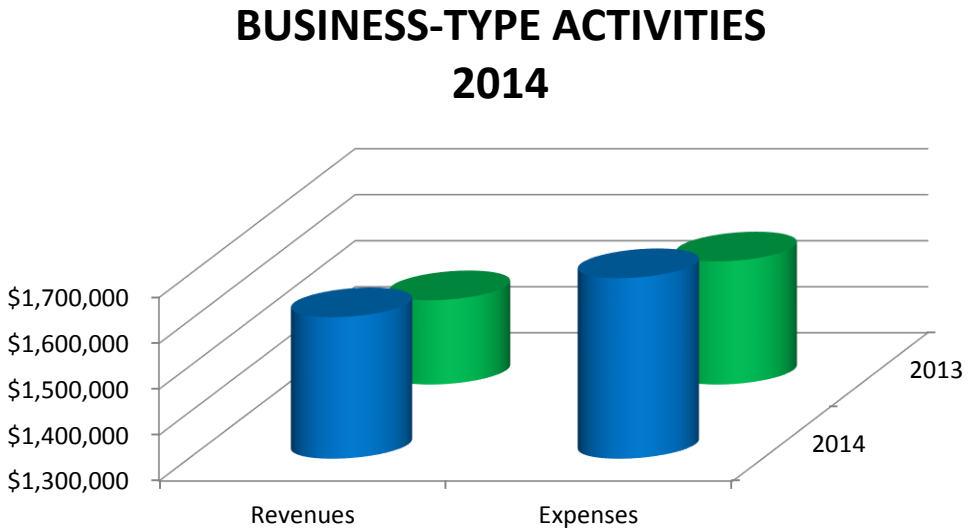
Government-Wide Revenues



Government-Wide Expenses



Business-type activities
Business type activities reflected higher expenses and lower revenues for 2014. The solid waste system incurred a loss of $84,893 for the year. The illustration below compares the revenues and expenses for 2014 and 2013.



Financial Analysis of McDuffie County's Funds
As noted earlier, McDuffie County employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds
Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. In assessing McDuffie County's financing requirements, unassigned fund balance is a particularly useful measure of net resources available for spending at the end of the fiscal year. The governmental fund types include the General Fund, Special Revenue Funds and Capital Projects Fund. The major funds are General Fund, SPLOST V, Debt Service Fund and Local Maintenance and Improvement Grant.

As of December 31, 2014, McDuffie County governmental funds, which include the major funds and various other funds, reported combined fund balances of $11,499,199.

The General Fund is the chief operating fund of the County. At December 31, 2014, total fund balance was $4,798,980. The fund balance of McDuffie County has increased by $1,561,905 since 2013.

Capital project funds account for the construction of capital improvements with SPLOST V being the major fund. The SPLOST Capital Project Fund reflects funds collected from the 1% Special Local Option Sales Tax and expended for capital items that are in agreement with the resolution approved by the voters. Because projects often bridge several years and involve design, land acquisition, and construction phase, expenditures may vary widely from year to year. Costs expended yearly in capital projects funds are added to the County's construction-in-progress until the project is complete, and then depreciated over the assets' useful lives.

Debt Service is another major fund for the Government. This fund includes the general obligation bond for the Government Center Complex which was issued in 2008. Debt payments are made from SPLOST V and SPLOST VI and should be completed by 2021.

A Local Maintenance and Improvement Grant is awarded annually by the Georgia Department of Transportation. The Board of Commissioners submits a listing of recommendations along with the estimated costs to the State of Georgia. Once approved by the State the grant is awarded and funds are disbursed to the County. Any additional funds needed are funded through SPLOST and T-SPLOST known as the Transportation Special Purpose Local Option Sales Tax.

Proprietary Funds

Proprietary fund statements provide the same information as in the business-type activities column of the government-wide statements, but in greater detail, and on a fund basis for enterprise funds. Enterprise Funds – At December 31, 2014, total net position amounted to $374,755 for enterprise funds compared to $497,886 at December 31, 2013. The reason for this dramatic change is delineated below. Net position changes are a result of operations, other non-operating revenues and expenses, capital contributions and donated assets and grants. These funds received additional revenue from sources such as fees and transfers from the General Fund.

The solid waste transfer system had a net loss of $84,893 for the year. The revenues increased by $124,886 and the expenditures increased by $125,341 for the year.

Capital Assets and Debt Administration

Capital Assets

McDuffie County has invested $40,089,563 in capital assets (net of accumulated depreciation). Approximately 99% of this investment is related to governmental activities and includes infrastructure, land, buildings and machinery and equipment. As always McDuffie County continues to increase capital assets each year to provide the best services to the citizens of McDuffie County. Capital assets are discussed in more detail in Note 6 of the financial statements. The Citizens of McDuffie County voted to pass the T-SPLOST and tax collections began in January, 2013. These additional revenues were used for the resurfacing and paving of roads in the community along with joint projects with other counties. During 2014, the voters passed another six year SPLOST which will fund many capital assets needed in the community.

Capital assets held by the County at the end of the fiscal year are summarized as follows:

McDuffie County Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	$3,615,820	$3,594,106	$312,891	$312,891	$3,928,711	$3,906,997
Buildings	37,465,270	37,130,108	212,237	212,237	37,677,507	37,342,345
Machinery & equipment	9,476,540	8,402,269	967,890	967,890	10,444,430	9,370,159
Infrastructure	41,781,387	40,630,519			41,781,387	40,630,519
Construction in progress	62,493				62,493	0
Total Assets	92,401,510	89,757,002	1,493,018	1,493,018	93,894,528	91,250,020
Accumulated Depreciation	-52,762,137	-48,985,997	-1,042,828	-997,660	-53,804,965	-49,983,657
Net Capital Assets	$39,639,373	$40,771,005	$450,190	$495,358	$40,089,563	$41,266,363

Listed below are some of the significant capital asset transactions which occurred in 2014:

- General Fund funded two patrol vehicles totaling $60,784, motor grader $220,000 and other capital assets totaling $46,220.
- Local Maintenance and Improvement Grant funded a portion of road resurfacing in the amount of $332,041.
- SPLOST V, funded road vehicles and equipment totaling $424,370, fire vehicles totaling $160,382, an ambulance for $111,296 and recreation improvements totaling $122,398.
- T-SPLOST funded a portion of road resurfacing in the amount of $442,927.

Debt Service

McDuffie County is a very fiscally conservative government. Debt agreements usually are for capital outlay items. McDuffie County continues to have an excellent credit rating with Dunn & Bradstreet and should have no conflicts that would affect the financing of any planned facilities or services.

The County entered into a general obligation bond in the amount of $17,655,000 during 2008 to build a new government complex building. Interest and principal payments of $1,980,740 were paid from SPLOST V collections towards the general obligation bond. Standard & Poor's Rating Services has raised its rating on McDuffie County's general obligation bond to AA- from A+.
The State of Georgia has established a limit on the amount of general obligation debt that a unit of government can issue. The law limits the debt to 10% of the total assessed value of taxable property located with the government's jurisdiction. The legal debt margin for McDuffie County is approximately $46 million.

The following table displays all debt owed by McDuffie County for the current and prior years. This entire amount is backed by full faith and credit of the government. This table presents accrued compensated absences which reflect the liability the county owes the employees for vacation time. Also, the table includes post closure cost for the landfill. This liability represents the cost for routine water monitoring at the facility. The landfill was closed in 1995 and the county must maintain the landfill for thirty years. Note 8 of the financial statements provide a summary of the long term liability transactions for the year ending 2014.

McDuffie County
Outstanding Debt
Fiscal Years 2014 and 2013

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Accrued compensated absences	$ 328,743	$ 335,745	$ 11,681	$ 11,676	$ 340,424	$ 347,421
Bonds payable	11,385,000	12,770,000			11,385,000	12,770,000
Postclosure costs			282,877	297,506	282,877	297,506
Total Debt	$ 11,713,743	$ 13,105,745	$ 294,558	$ 309,182	$ 12,008,301	$ 13,414,927

Economic Factors and Rates

McDuffie County Board of Commissioners continues to aggressively address the current and future needs of the County by focusing on sound financial management, the reserve policy, the use of current resources for capital expenditures and the development of capital improvements plans. With a growing population the challenge is to continue to improve the quality of life by concentrating on the demands placed on other infrastructure such as providing residents in the County with water, sewer and many other quality services.

During 2014, University Hospital McDuffie built a new facility located near Interstate 20, which opened in January, 2015. Their investment into the community should provide potential commercial growth for the area. Hollander Sleep Products also chose to relocate their current facility in Tignall, Georgia to McDuffie County. This new facility will be located near the Stone Industrial Park and will provide additional jobs for the County beginning mid-year, 2015.
McDuffie County is making every effort to keep the unemployment rate low. The unemployment rate as of December, 2014 was 7.5% compared to December, 2013 of 8.2%.

Budget Highlights for the Fiscal Year Ending December 31, 2015

- Balanced budget with no reduction in services and no tax increase
- Insurances changes from self-insured to fully-insured should provide sufficient cost savings
- Three additional positions, two for the Sheriff's Office and one at the Animal Shelter, totaling $80,064
- A majority of County departments remained at the same budget allocation as 2014
- 1% cost of living pay increase was included for all full time employees
- SPLOST VI collections will begin and funds will assist with necessary capital improvements
- T-SPLOST funds will be in the third year of collections and these accumulations will permit major roadway projects to proceed

Request for Information

This financial report is designed to provide a general overview of McDuffie County Government's finances for anyone interested in our County's finances. Questions concerning this report or any requests for additional information may be addressed to the McDuffie County Board of Commissioners, 210 Railroad Street, Thomson, GA 30824, and 706-597-7300 or at our Website www.thomson-mcduffie.com.

BASIC FINANCIAL STATEMENTS

MCDUFFIE COUNTY, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Development Authority	Health Department
Assets					
Cash and cash equivalents	$ 8,220,951	$ 30,135	$ 8,251,086	$ 1,069,182	$ 93,638
Investments	499	-	499	-	-
Receivables					
Taxes	1,204,463	-	1,204,463	-	-
Accounts	391,681	120,572	512,253	809,786	10,546
Intergovernmental	178,373	-	178,373	-	15,568
Restricted assets					
Cash and cash equivalents	2,160,042	-	2,160,042	-	-
Investments	1,589,563	-	1,589,563	-	-
Capital assets (net of accumulated depreciation)					
Construction in progress	62,493	189,144	251,637	-	-
Land	3,615,820	312,891	3,928,711	3,637,441	-
Buildings and improvements	27,660,413	103,077	27,763,490	1,585,032	-
Furniture, fixtures, and equipment	2,833,603	34,222	2,867,825	15,886	-
Infrastructure	5,467,044	-	5,467,044	-	-
Total assets	53,384,945	790,041	54,174,986	7,117,327	119,752
Liabilities					
Accounts payable	976,303	116,799	1,093,102	-	
Accrued liabilities	198,242	3,929	202,171	-	-
Intergovernmental	31,624	-	31,624	-	13,529
Compensated absences payable	328,743	11,681	340,424	-	-
Unearned LMIG revenue	329,857	-	329,857		
Net pension obligation	14,975	-	14,975	-	-
Noncurrent liabilities					
Closure and post closure costs payable	-	282,877	282,877	-	-
Due within one year	1,440,000	-	1,440,000	-	-
Due in more than one year	9,945,000	-	9,945,000	-	32,145
Total liabilities	13,264,744	415,286	13,680,030	-	45,674
Net Position					
Net investment in capital assets	28,191,880	639,334	28,831,214	5,238,359	-
Restricted for:					
Capital projects	3,106,025	-	3,106,025	-	-
Special revenues	1,581,138	-	1,581,138	-	-
Debt service	1,980,219	-	1,980,219	-	-
Unrestricted	5,260,939	(264,579)	4,996,360	1,878,968	74,078
Total net position	$ 40,120,201	$ 374,755	$ 40,494,956	$ 7,117,327	$ 74,078

The notes to the financial statements are an integral part of this statement.

MCDUFFIE COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Development Authority	Component Units: Health Department
Primary government:									
Governmental activities:									
General government	$ 4,603,698	$ 3,644,521	$ 2,768	$ -	$ (956,409)	$ -	$ (956,409)	$ -	$ -
Public safety	5,992,341	872,138	19,126		(5,101,077)	-	(5,101,077)	-	-
Public works	2,746,705	41,237	-	334,208	(2,371,260)	-	(2,371,260)	-	-
Health and welfare	528,366	23,562	-	-	(504,804)	-	(504,804)	-	-
Culture and recreation	952,637	58,267	75,755	-	(818,615)	-	(818,615)	-	-
Economic development	473,542	226,718	-	17,617	(229,207)	-	(229,207)	-	-
Judicial	984,714	405,054	-		(579,660)	-	(579,660)	-	-
Interest on long-term debt	595,740	-	-	-	(595,740)	-	(595,740)	-	-
Total governmental activities	16,877,743	5,271,497	97,649	351,825	(11,156,772)	-	(11,156,772)	-	-
Business-type activities:									
Solid Waste	1,693,640	1,608,747	-	-	-	(84,893)	(84,893)	-	-
Water	-	-	-	-	-	-	-	-	-
Sewer	-	-	-	-	-	-	-	-	-
Total business-type activities	1,693,640	1,608,747	-	-	-	(84,893)	(84,893)	-	-
Total primary government	$ 18,571,383	$ 6,880,244	$ 97,649	$ 351,825	(11,156,772)	(84,893)	(11,241,665)	-	-
Component units:									
Development Authority	$ 323,561	$ 179,325	$ 143,186	$ 26,982				25,932	
Health Department	493,253	103,359	356,528	-				-	(33,366)
Total component units	$ 816,814	$ 282,684	$ 499,714	$ 26,982				25,932	(33,366)
General revenues:									
Property taxes					5,604,507	-	5,604,507	-	-
Sales taxes					6,810,706	-	6,810,706	-	-
Franchise taxes					81,823	-	81,823	-	-
Insurance premium tax					713,264	-	713,264	-	-
Hotel/motel taxes					240,766	-	240,766	-	-
Railroad taxes					5,948	-	5,948	-	-
Alcoholic beverage taxes					391,136	-	391,136	-	-
Financial institution tax					33,644	-	33,644	-	-
Real estate transfer taxes					10,248	-	10,248	-	-
Intangible taxes					43,965	-	43,965	-	-
Payments in lieu of taxes					36,802	-	36,802	-	-
Interest - unrestricted					3,776	-	3,776	794	-
Total general revenues					13,976,585	-	13,976,585	794	-
Capital contributions - City of Thomson					-	(23,793)	(23,793)	-	-
Transfers					14,445	(14,445)	-	-	-
Change in net position					2,834,258	(123,131)	2,711,127	26,726	(33,366)
Net position, beginning of year					37,285,943	497,886	37,783,829	7,090,601	107,444
Net position, end of year					$ 40,120,201	$ 374,755	$ 40,494,956	$ 7,117,327	$ 74,078

The notes to the financial statements are an integral part of this statement.

MCDUFFIE COUNTY, GEORGIA
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	SPLOST V	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 4,925,108	$ 59,896	$ -	$ 3,235,947	$ 8,220,951
Investments	499	1,589,563	-	-	1,590,062
Receivables					
Property taxes	636,765	-	-	-	636,765
Sales tax	227,235	340,463	-	-	567,698
Other	319,734	-	-	71,947	391,681
Interfund receivables	217,574	-	-	45,176	262,750
Intergovernmental receivables	100,447	-	-	77,926	178,373
Restricted cash and investments	179,823	-	1,980,219	-	2,160,042
Total assets	$ 6,607,185	$ 1,989,922	$ 1,980,219	$ 3,430,996	$ 14,008,322
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 641,396	$ 290,604	$ -	$ 44,303	$ 976,303
Accrued liabilities	184,186	-	-	14,056	198,242
Interfund payables	240,652	-	-	22,098	262,750
Unearned LMIG revenue				329,857	329,857
Intergovernmental payable	31,624	-	-	-	31,624
Total liabilities	1,097,858	290,604	-	410,314	1,798,776
Deferred inflows of resources					
Unavailable revenues - property taxes	227,816	-	-	-	227,816
Fund Balances					
Restricted for:					
Capital projects	-	1,699,318	-	1,406,707	3,106,025
Special revenues	-	-	-	1,581,138	1,581,138
Debt	-	-	1,980,219	-	1,980,219
Unassigned	5,281,511	-	-	32,837	5,314,348
Total fund balances	5,281,511	1,699,318	1,980,219	3,020,682	11,981,730
Total liabilities, deferred inflows of resources and fund balances	$ 6,607,185	$ 1,989,922	$ 1,980,219	$ 3,430,996	$ 14,008,322

The notes to the financial statements are an integral part of this statement.

MCDUFFIE COUNTY, GEORGIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014

Total fund balances - governmental funds	$ 11,981,730
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. These assets consist of:	
Construction in process	62,493
Land	3,615,820
Infrastructure	41,781,387
Buildings and improvements	37,465,270
Furniture, fixtures, and equipment	9,476,540
Accumulated depreciation	(52,762,137)
Total capital assets	39,639,373
Some revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	227,816
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds	
General obligations	(11,385,000)
Net pension obligation	(14,975)
Compensated absences	(328,743)
Total long-term liabilities	(11,728,718)
Net position of governmental activities	$ 40,120,201

The notes to the financial statements are an integral part of this statement.

MCDUFFIE COUNTY, GEORGIA
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General	SPLOST V	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 9,699,216	$ -	$ -	$ 240,766	$ 9,939,982
Licenses and permits	188,605	-	-	-	188,605
Intergovernmental	76,590	3,148,747	-	1,216,131	4,441,468
Fines and forfeitures	405,054	-	-	85,910	490,964
Charges for services	3,086,929	-	-	435,630	3,522,559
Contributions and donations from private sources	19,126	-	-	-	19,126
Other revenue	1,084,985	-	-	-	1,084,985
Interest	3,776	1,353	2,621	2,117	9,867
Total revenues	14,564,281	3,150,100	2,621	1,980,554	19,697,556
EXPENDITURES					
Current expenditures:					
General government	3,242,209	-	-	-	3,242,209
Public safety	4,676,819	-	-	644,602	5,321,421
Public works	1,215,139	-	-	1,861	1,217,000
Health and welfare	488,932	-	-	-	488,932
Culture and recreation	775,528	-	-	-	775,528
Judicial	964,754	-	-	19,960	984,714
Economic development	346,526	-	-	127,016	473,542
Capital outlay:					
General government	22,993	550	-	-	23,543
Public safety	212,532	291,641	-	24,525	528,698
Public works	371,475	662,830	-	821,840	1,856,145
Culture and recreation	110,862	96,093	-	-	206,955
Economic development	-	247,949	-	-	247,949
Debt service:					
Principal	-	-	1,385,000	-	1,385,000
Interest	-	-	595,740	-	595,740
Intergovernmental:					
Payments to govts and agencies	-	193,482	-	-	193,482
Total expenditures	12,427,769	1,492,545	1,980,740	1,639,804	17,540,858
Excess (deficiency) of revenues over expenditures	2,136,512	1,657,555	(1,978,119)	340,750	2,156,698
OTHER FINANCING SOURCES (USES)					
Transfer in	349,739	-	1,976,785	183,941	2,510,465
Transfer out	(441,815)	(1,976,785)	-	(77,420)	(2,496,020)
Total other financing sources (uses)	(92,076)	(1,976,785)	1,976,785	106,521	14,445
CHANGE IN FUND BALANCES	2,044,436	(319,230)	(1,334)	447,271	2,171,143
FUND BALANCES, BEGINNING OF YEAR	3,237,075	2,018,548	1,981,553	2,573,411	9,810,587
FUND BALANCES, END OF YEAR	$ 5,281,511	$ 1,699,318	$ 1,980,219	$ 3,020,682	$ 11,981,730

The notes to the financial statements are an integral part of this statement.

MCDUFFIE COUNTY, GEORGIA
RECONILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - governmental funds	$ 2,171,143
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the costs of capital assets are allocated over their estimated useful lives as depreciation expense. For the current year, these amounts were:	
Capital outlay	2,114,753
Depreciation expense	(2,260,686)
Net change in capital assets	(145,933)
In the statement of activities, the gain or loss on disposal of capital assets is reported. Conversely, governmental funds report only proceeds from disposal of capital assets. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets disposed.	
Cost of capital assets	(697,071)
Accumulated depreciation	606,144
Net book value	(90,927)
Because some revenue will not be collected for several months after the County's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues decreased by this amount in 2013.	(491,865)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, the repayment of the principal of long- term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Repayment of debt	1,385,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	6,840
Change in net position of governmental activities	$ 2,834,258

The notes to the financial statements are an integral part of this statement.

MCDUFFIE COUNTY, GEORGIA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	Total
ASSETS				
Current assets				
Cash	$ -	$ -	$ 30,135	$ 30,135
Accounts receivable	-	-	120,572	120,572
Total current assets	-	-	150,707	150,707
Noncurrent assets				
Capital assets, net of accumulated depreciation	189,144	-	450,190	639,334
Total noncurrent assets	189,144	-	450,190	639,334
Total assets	$ 189,144	$ -	$ 600,897	$ 790,041
LIABILITIES AND NET POSITION				
Liabilities				
Current liabilities				
Accounts payable	-	100	116,699	116,799
Accrued liabilities	-	-	3,929	3,929
Total current liabilities	-	100	120,628	120,728
Noncurrent liabilities				
Compensated absences	-	-	11,681	11,681
Closure and post closure costs payable	-	-	282,877	282,877
Total noncurrent liabilities	-	-	294,558	294,558
Total liabilities	-	100	415,186	415,286
Net Position				
Net investment in capital assets	189,144	-	450,190	639,334
Unrestricted	-	(100)	(264,479)	(264,579)
Total net position	189,144	(100)	185,711	374,755
Total liabilties and net position	$ 189,144	$ -	$ 600,897	$ 790,041

The notes to the financial statements are an integral part of this statement.

MCDUFFIE COUNTY, GEORGIA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Charges for services	$ -	$ -	$ 1,608,747	$ 1,608,747
Total operating revenues	-	-	1,608,747	1,608,747
OPERATING EXPENSES				
Personnel services	-	-	1,641,515	1,641,515
Operations	-	-	29,540	29,540
Depreciation	-	-	22,585	22,585
Total operating expenses	-	-	1,693,640	1,693,640
Operating loss	-	-	(84,893)	(84,893)
NON-OPERATING REVENUES (EXPENSES)				
Capital contributions - City of Thomson	(23,793)	-	-	(23,793)
Total non-operating revenues (expenses)	(23,793)	-	-	(23,793)
Income (loss) before capital contributions and transfers	(23,793)	-	(84,893)	(108,686)
Transfers in	-	-	(14,445)	(14,445)
Change in net position	(23,793)	-	(99,338)	(123,131)
NET POSITION, BEGINNING OF YEAR	212,937	(100)	285,049	497,886
NET POSITION, END OF YEAR	$ 189,144	$ (100)	$ 185,711	$ 374,755

The notes to the financial statements are an integral part of this statement.

MCDUFFIE COUNTY, GEORGIA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	$ -	$ -	$ 1,544,810	$ 1,544,810
Cash paid to suppliers and others	(23,793)	-	(1,379,625)	(1,403,418)
Cash paid to employees	-	-	(173,180)	(173,180)
Net cash (used in) operating activities	(23,793)	-	(7,995)	(31,788)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Construction of capital assets	-	-	-	-
Transfer from other funds	-	-	(14,445)	(14,445)
Net cash (used in) provided by noncapital financing activities	-	-	(14,445)	(14,445)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Intergovernment revenues	-	-	-	-
Net cash provided by capital and related financing activities	-	-	-	-
Net increase (decrease) in cash	(23,793)	-	(22,440)	(46,233)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	23,793	-	52,575	76,368
CASH AND CASH EQUIVALENTS, END OF YEAR	$ -	$ -	$ 30,135	$ 30,135
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ -	$ -	$ (84,893)	$ (84,893)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:				
Depreciation	-	-	22,585	22,585
Change in accounts receivable	-	-	61,403	61,403
Change in accounts payable	(23,793)	-	6,915	(16,878)
Change in accrued postclosure	-	-	(14,629)	(14,629)
Change in accrued liabilities	-	-	619	619
Change in compensated absences	-	-	5	5
Total adjustments	(23,793)	-	76,898	53,105
Net cash (used in) operating activities	$ (23,793)	$ -	$ (7,995)	$ (31,788)

The notes to the financial statements are an integral part of this statement.

MCDUFFIE COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2014

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 1,070,700
Total assets	$ 1,070,700
LIABILITIES	
Due to others	$ 1,070,700
Total liabilities	$ 1,070,700

The notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The financial statements of McDuffie County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

As permitted by accounting principles generally accepted in the United States of America, the County has elected to apply only applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices for its government-wide and proprietary operations. The County's more significant accounting policies are described in the following:

B. The Financial Reporting Entity

McDuffie County, Georgia, (the "County)", is located in the Central Savannah River area of Georgia, west of Augusta, Georgia. It was created from Columbia and Warren counties in 1872, the one-hundred thirty-second county created in Georgia. The County was named for George McDuffie, who was born in Georgia, served as governor and senator from South Carolina, and was a notable orator throughout the South. The County operates under an elected Commission, appointed manager, form of government.

The accompanying summary of the County's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. These policies conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

A board of five elected County Commissioners (the Board) governs McDuffie County, Georgia. They appoint a County Manager who is the Chief Administrative Officer and is responsible for day to day operations and implementation of the policy decisions made by the Board. As required by generally accepted accounting principles, these financial statements present McDuffie County, Georgia, (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

C. Individual Component Unit Disclosures

Development Authority of McDuffie County and the City of Thomson - The Authority was created for the purpose of promoting and developing trade, commerce, industry, and employment opportunities within the County. A Board of Directors appointed by the County Board of Commissioners governs the Authority. The Authority is funded and administered by the County. Separate financial statements have not been prepared for the Development Authority of McDuffie County and the City of Thomson.

McDuffie County Health Department – The Health Department receives funding from McDuffie County. The McDuffie County Board of Commissioners appoints Board members. The McDuffie County Board of Health has a June 30, year-end, and the financial statements included herein are as of and for the year ended June 30, 2014. Separate financial statements have been issued, and are available from the McDuffie County Board of Health. The address is: McDuffie County Health Department, 300 Greenway Street, Thomson, GA 30824.

Discretely presented component units are presented in separate columns on the government-wide statement of net position and statement of activities to emphasize legal separation from the County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Certain County elected officials collect and disburse taxes, fees, fines, etc. Separate records of accountability are maintained for such transactions, which are recorded in the agency funds of the County. Receipts transferred from these funds to the County's General Fund, and Special Revenue Funds are included as revenue in these funds.

Operating costs for these officials are included as expenditures in the General Fund. These elected officials are:

Tax Commissioner
Probate Court Judge
Magistrate Court Judge
Clerk of Superior Court
Sheriff

D. Basic Financial Statements

The basic financial statements consist of the following:

Government-wide financial statements
Fund financial statements
Notes to the basic financial statements

Government-wide statements – The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with the program or function of the County's governmental activities. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements – The fund financial statements provide information about the County's funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented, although the latter is excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the fiduciary fund statement. Revenues are recorded 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 have been met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers all revenues available if they are collected within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, interest and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the County are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the County are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with financial related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The County reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants, and various other taxes and licenses. The primary expenditures are for general administration, public safety, highways and streets, health and welfare, and culture and recreation.

SPLOST V Fund - The SPLOST V Fund is used to account for proceeds from SPLOST V.

Debt Service Fund - The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The County reports the following major enterprise funds:

Water Fund – The Water Fund is used to account for water operations as well as construction and maintenance of water projects.

Solid Waste Fund – The Solid Waste Fund is used to account for the cost of operating and maintaining the landfill facility.

Sewer Fund - The Sewer Fund is used to account for sewer operations as well as construction and maintenance of sewer projects.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Additionally, the County reports the following fund types:

Fiduciary Funds – Fiduciary Funds are custodial in nature and do not involve the measurement of operating results. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the County in an agency capacity for individuals and other government units.

Fiduciary funds include all trust funds which account for assets held by the County as a trustee for individuals or other government units. The accounting used for fiduciary funds is accrual basis, much like that used for proprietary funds.

The County has adopted GASB Statement No. 20, Accounting and Financial Reporting of Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, and has elected to follow GAAP prescribed by GASB and all Financial Accounting Standard Board (FASB) standards issued prior to November 30, 1989. Subsequent to this date, the County accounts for its proprietary funds as presented by GASB.

Proprietary funds are accounted for using the accrual basis of accounting and distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for enterprise funds include costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Budgets and Budgetary Accounting

Annual appropriated budgets are adopted by the Board of Commissioners for the General and Special Revenue Funds on a total revenues and total expenditures basis.

The following are the statutory procedures followed by the Board in establishing a budget:

1. Prior to July 20, the County Manager receives budget requests from County Departments for the fiscal year commencing January 1.
2. Prior to the first Wednesday in August, the County Manager presents the proposed budget to the Board of Commissioners.
3. The Board of Commissioners holds public hearings.
4. Prior to October 20, the Board of Commissioners formally adopts the budget for the fiscal year commencing January 1.
5. The legal level of budgetary control is the departmental level.
6. All appropriations lapse at year end.
7. The operating budgets originally adopted may be revised or amended throughout the year as presented below:
    a. The County Manager may authorize transfers (revisions) within the departments, except for substantive salary amendments.
    b. The Board approves transfers (amendments) between departments or between funds.
    c. Increases or decreases in the total fund appropriation are by authority of the Board.
    d. Increase or decrease within any department are by authority of the Board.
    e. Appropriation of fund balances in excess of established reserve requirements are by authority of the Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The County's legally adopted budget is on the cash basis. The County adopted fiscal year 2014 budgets for the General Fund and Special Revenue Funds. A reconciliation of cash basis to generally accepted accounting principles (GAAP) is included in the financial statements. A project-length balanced budget was adopted for each capital project fund.

G. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

At December 31, 2014, the County reported no reserve for encumbrances.

H. Assets, Liabilities and Fund Equity

Cash and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments that mature within three months of the date acquired.

The County follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Nonparticipating interest-earning investment contracts (investments whose value is not affected by interest rates or other market changes), including savings accounts, certificates of deposit, repurchase agreements, money market investments (short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U.S. Treasury and agency obligations) and participating interest-bearing investment contracts, that have a remaining maturity, at purchase, of one year or less are reported at cost or amortized cost assuming their fair value has not been impacted by changes in the credit worthiness of the issuer or similar factors. All other investments are reported at fair value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale).

"Georgia Fund 1", created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAA rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. 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 ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on a $1.00 per share. The Office of the State Treasurer is the regulatory oversight agency for Georgia Fund 1.

Receivables

All receivables are reported at their net realizable value.

Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) or specific identification methods. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded in the year of purchase in both government-wide and fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Receivables and Payables
During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables and payables on the balance sheet of the fund financial statements and as "internal balances" on the statement of net position in the government-wide financial statements.

Restricted Assets
The restricted cash recorded in the Debt Service Fund reflects amounts set aside for debt service. Amounts equal to two payments of the debt service are restricted.

The restricted cash recorded in the Water-Sewer Expansion Fund reflects amounts set aside for debt service. Amounts equal to one-tenth of the monthly debt service are restricted.

Capital Assets
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than $2,500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure acquired prior to June 30, 1980 is not reported.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of proprietary assets is included as part of the capitalized value of the assets constructed. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

	Years
Buildings	25–50
Building improvements	20–25
Infrastructure	20–50
Furniture, fixtures and equipment	5–15
Vehicles	3–5
Specialized use equipment	2–10
Water system additions	15–40

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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item which arises only under a modified accrual basis of accounting that 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 property taxes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused leave benefits. Employees are allowed to accumulate a maximum of 320 hours vacation time; there are no limits on the accumulation of sick time. The County's government-wide and proprietary funds include an accrual for the estimated compensation costs attributable to employee earned but unused leave benefits. Compensated absences are liquidated through the General Fund.

Long-Term Obligations

In the government-wide financial statements and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary funds statement of net position.

Net Position/Fund Balances

In June 2012, the GASB approved Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement Number 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period. Concepts Statement Number 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amended the net asset reporting requirements in Statement No 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. .

The County's net position is classified as follows:

Net investment in capital assets - this represents the County's total investment in capital assets; net of debt related to those capital assets.

Restricted - this represents the net amount of assets subject to constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

Unrestricted - this represents the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in any other category of net position.

Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

Nonspendable - amounts that are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - amounts constrained to specific purposes by third parties (statutory, bond covenant or granting agency), through constitutional provisions, or by establishing legislation.

Committed - amounts constrained to specific purposes by the County itself, using the highest level of decision-making authority; reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove the constraint.

Assigned - amounts the County intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned - amounts that are available for any purpose; positive amounts are reported only in the general fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued
Net Position/Fund Balances - Continued

For the classification of Governmental Fund balances, the County considers an expenditure to be made from the most restrictive first when more than one classification is available. The County would typically use restricted fund balance first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

I. Use of Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

J. Property Taxes
Property taxes are an enforceable lien on property as of January 1 of the current tax year. Generally, taxes are levied in September and are due and payable on or before November 15. Since the tax digest, which is prepared by the McDuffie County Tax Appraiser, has to be approved by the Georgia Department of Revenue, the tax levy may be delayed later than September. In such cases, the taxes are due within 60 days after levy. The County bills and collects its property taxes. County property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectability is improbable based on management's estimate of the amount to be collectible. Current year property taxes were levied September 24th, and were due December 5, 2014.

K. Local Option Sales Tax
The County receives sixty-seven percent (67%) of a one percent (1%) local option sales tax on all retail sales within the County. The proceeds of this tax are used to reduce, on a dollar-for-dollar basis, the millage equivalent amount of property taxes to be levied in the subsequent year. Insurance premium taxes collected must also reduce the ensuing property tax levy. The County has established a fiscal policy to designate that portion of the General Fund's fund balance, if available, for subsequent years' expenditures.

NOTE 2 – MCDUFFIE COUNTY/CITY OF THOMSON, GEORGIA WATER AND SEWER COMMISSION

The City of Thomson, Georgia and McDuffie County, Georgia have established the McDuffie County/City of Thomson, Georgia, Water and Sewer Commission to operate, maintain and extend the water and sewerage system for the city/county area. The Commission assumed the ownership and operations of the City of Thomson Water and Sewer Enterprise Fund in 1988, in conjunction with funding for expansion with the one percent (1%) Special Purpose Local Option Sales Tax. The Commission has seven members, three each from the City and County, and the seventh appointed by the Commission. The Commission was established for a term of fifty years. The City and County are equally responsible for the ownership of and the future maintenance and improvements to the System. The System is a closed system whereby all funds derived from the operation of the System must be used for the purposes of operating, maintaining, improving, or expanding the System.

Based on the standards established by Statement No. 14 of the Governmental Accounting Standards Board, the Commission is a legally separate governmental organization classified as a joint venture. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants in a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

Generally, the purpose of a joint venture is to pool resources and share the costs, risks, and rewards of providing goods or services to the venture participants directly, or for the benefit of the general public or specific service recipients. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

An ongoing financial interest in a joint venture includes an equity interest when the agreement stipulates that the participating governments have a present or future claim on the net resources of the joint venture.

NOTE 2 – MCDUFFIE COUNTY/CITY OF THOMSON, GEORGIA WATER AND SEWER COMMISSION- Continued

A participating government has an ongoing financial responsibility for a joint venture if it is obligated in some manner for the debts of the joint venture, or if the joint venture's continued existence depends on continued funding by the government.

Each participating government of the Commission has final authority for establishing rules and water and sewer rates, fees, standards and any other policy matters as are appropriate for the efficient delivery of water and sewer services. As such, each participating government has an indirect financial responsibility for the System, as defined by GASB Statement No. 14.

The City and County share certain responsibilities with respect to the Commission. The City is responsible for operations, maintenance and customer billing for the System. The County is responsible for administering construction funds obtained through the Special Purpose Local Option Sales Tax. The City and County jointly or individually administer grant and other funds, depending on the terms of such funding.

The basic financial statements of the Commission are presented in a manner consistent with primary governments. Operating transfers to the Commission by the participating governments are accounted for as intergovernmental transfers. Federal and state grant funds transferred to the Commission by the participating governments are accounted for as sub-recipient grant funds. Financial information for the year ended December 31, 2014, is summarized as follows:

Operating revenues	$ 4,281,122
Depreciation and amortization expense	1,323,168
Operating income (loss)	(548,477)
Change in net position	(355,066)
Capital asset change	1,851,575
Net working capital	2,195,346
Total assets	40,723,679
Revenue bonds and other long-term liabilities	10,728,262
Total equity	29,239,268

The Commission has issued a separate financial report that may be obtained from:

City of Thomson
P. O. Box 1017
Thomson, Georgia 30824

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Bonds Payable
As of December 31, 2014, the County is in compliance, in all material respects, with requirements under covenants relating to its bonds payable.

Excess of Expenditures over Appropriations
There was one excess of expenditures over appropriations (cash basis budget) in individual funds and by department within the nonmajor funds. This was in the LMIG Fund in the amount of $78. This will be made up in future revenues.

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY- Continued

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

Custodial Credit Risk – Investments – Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the County will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTE 4 – CASH AND TEMPORARY INVESTMENTS

As of December 31, 2014, the County had the following investments:

Investments	Weighted Avg Maturities	Fair Value	Credit Rating
Primary Government:			
Various Certificates of Deposit	43 days	$ 1,590,062	AAAm
Total fair value		$ 1,590,062	

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

NOTE 5 – TAXES RECEIVABLE

The County's Tax Commissioner bills and collects property taxes, then remits to the County its respective share of property taxes. Current year property taxes were levied September 24, 2014, and were due December 5, 2014. Property taxes become a lien on the first day of the levy year. Unpaid property taxes received within 60 days of year end are recognized and recorded as revenue (considered measurable and available), and property taxes unpaid 60 days after year end are recorded as unearned revenue. A summary of the 2014 tax levy follows:

		General Fund
2014 millage rate -	incorporated	8.50
	unincorporated	7.80
Net property tax levy		$ 4,549,601
Property tax receivable		$ 636,765
Unearned property tax revenues		$ 227,816

NOTE 6 – CAPITAL ASSETS

Governmental capital assets activity for the year ended December 31, 2014, was as follows:

	Balance 1/1/2014	Additions	Transfers/ Deletions	Balance 12/31/2014
Capital assets not being depreciated				
Construction in process	$ 115,310	$ -	$ (52,817)	$ 62,493
Land	3,615,820	-	-	3,615,820
Total capital assets not being depreciated	3,731,130	-	(52,817)	3,678,313
Capital assets being depreciated				
Infrastructure	41,006,419	774,968	-	41,781,387
Buildings and improvements	37,302,532	162,738	-	37,465,270
Furniture, fixtures, and equipment	8,943,747	1,177,047	(644,254)	9,476,540
Total capital assets being depreciated	87,252,698	2,114,753	(644,254)	88,723,197
Less accumulated depreciation:				
Infrastructure	(35,745,204)	(569,139)	-	(36,314,343)
Buildings and improvements	(8,956,828)	(848,029)	-	(9,804,857)
Furniture, fixtures, and equipment	(6,405,563)	(843,518)	606,144	(6,642,937)
Less accumulated depreciation	(51,107,595)	(2,260,686)	606,144	(52,762,137)
Net capital assets being depreciated	36,145,103	(145,933)	(38,110)	35,961,060
Governmental activities capital assets - net	$ 39,876,233	$ (145,933)	$ (90,927)	$ 39,639,373

Depreciation expense was charged to functions as follows:

General Government	$ 843,518
Public Safety	670,920
Highways and Streets	529,705
Health and Welfare	39,434
Culture and Recreation	177,109
	$ 2,260,686

NOTE 6 – CAPITAL ASSETS - Continued

Business-type capital assets activity for the year ended December 31, 2014, was as follows:

Water and Sewer Fund:

	Balance 1/1/2014	Additions	Transfers/ Deletions	Balance 12/31/2014
Capital assets not being depreciated				
Construction in process	$ 189,328	$ -	$ (184)	$ 189,144
Total capital assets not being depreciated	189,328	-	(184)	189,144

Solid Waste Fund:

	Balance 1/1/2014	Additions	Transfers/ Deletions	Balance 12/31/2014
Capital assets not being depreciated				
Land	$ 312,891	$ -	$ -	$ 312,891
Total capital assets not being depreciated	312,891	-	-	312,891
Capital assets being depreciated				
Buildings and improvements	212,237	-	-	212,237
Furniture, fixtures, and equipment	967,890	-	-	967,890
Total capital assets being depreciated	1,180,127	-	-	1,180,127
Less accumulated depreciation:				
Buildings and improvements	(103,853)	(5,307)	-	(109,160)
Furniture, fixtures, and equipment	(916,390)	(17,278)	-	(933,668)
Less accumulated depreciation	(1,020,243)	(22,585)	-	(1,042,828)
Net capital assets being depreciated	159,884	(22,585)	-	137,299
Business-type activities capital assets - net	$ 662,103	$ (22,585)	$ (184)	$ 639,334

Depreciation expense on capital assets of the Proprietary Funds was $22,585 for the year ended December 31, 2014.

Capitalization of Interest Costs requires that interest expenditures incurred during construction of assets be capitalized. *Capitalization of Interest Costs in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants* concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest costs exceed interest earned on related interest-bearing borrowing. There were no construction period interest costs capitalized in the Water and Sewer Fund during the year ended December 31, 2014.

NOTE 6 – CAPITAL ASSETS – Continued

Capital assets of the Discretely Presented Component Units consist of the following:

Development Authority	Balance 1/1/2014	Additions	Transfers/ Deletions	Balance 12/31/2014
Capital assets not being depreciated				
Land and land improvements	$ 3,746,190	$ -	$ (108,749)	$ 3,637,441
Property, plant and equipment				
Buildings and improvements	2,009,076	39,415	-	2,048,491
Equipment and furniture	76,017	-	(19,016)	57,001
Total property, plant and equipment	2,085,093	39,415	(19,016)	2,105,492
Less accumulated depreciation				
Buildings	(427,437)	(36,022)	-	(463,459)
Equipment and furniture	(35,154)	(5,961)	-	(41,115)
Total accumulated depreciation	(462,591)	(41,983)	-	(504,574)
Net capital assets being depreciated	1,622,502	(2,568)	(19,016)	1,600,918
Component unit capital assets - net	$ 5,368,692	$ (2,568)	$ (127,765)	$ 5,238,359

Depreciation expense on capital assets of the Development Authority was $41,983 for the year ended December 31, 2014.

At June 30, 2014, the Health Department's investment in capital assets totaled $15,348, all of which were fully depreciated.

NOTE 7 – NOTES RECEIVABLE

At December 31, 2014, the Development Authority of McDuffie County and the City of Thomson (a discretely presented component unit) had the following notes receivable outstanding. The notes were collateralized by real estate.

Note receivable bearing interest at 2.75%, due in monthly installments of $1,697, including principal and interest, maturing in 2024.	$ 164,791
Note receivable bearing interest at the WST prime rate minus 1%, as adjusted every 12 months, loan facility will be for a term of 5 years.	123,747
Notes receivable bearing interest at the federal fund rate as adjusted every six months, loan facility will be for a term of 10 years.	295,533
Notes receivable bearing interest at the federal fund rate as adjusted every six months, loan facility will be for a term of 15 years.	215,788
	$ 799,859

NOTE 8 – LONG TERM DEBT

The following is a summary of the long-term liability transactions for the year ended December 31, 2014:

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014	Due within One Year
Governmental Activities					
Bonds payable	$ 12,770,000	$ -	$ (1,385,000)	$ 11,385,000	$ 1,440,000
Accrued compensated absences	335,745	-	(7,002)	328,743	-
Total debt - governmental activities	$ 13,105,745	$ -	$ (1,392,002)	$ 11,713,743	$ 1,440,000
Business-type Activities					
Accrued compensated absences	$ 11,676	$ 5	$ -	$ 11,681	$ -
Accrued closure and postclosure costs	297,506	-	(14,629)	282,877	-
Total debt - business-type activities	$ 309,182	$ 5	$ (14,629)	$ 294,558	$ -

Bonds Payable

In December, 2008, the County entered into a bond agreement for $17,655,000 bearing interest rates of 3% - 5.25% for the purpose of paying the costs of the acquisition and furnishing of a City of Thomson/McDuffie County government center. Annual debt service requirements to maturity for these bonds are as follows:

For the year ending December 31,	Principal	Interest	Total Debt Service
2015	$ 1,440,000	$ 523,731	$ 1,963,731
2016	1,495,000	450,356	1,945,356
2017	1,555,000	377,994	1,932,994
2018	1,615,000	304,650	1,919,650
2019-2021	5,280,000	409,235	5,689,235
Total	$ 11,385,000	$ 2,065,966	$ 13,450,966

NOTE 8 – LONG TERM DEBT - Continued

Long Term Debt-Discretely Presented Component Units

The following is a summary of the Discretely Presented Component Units' long term debt:

Health Department	Balance 7/1/2013	Additions	Deletions	Balance 6/30/2014	Due within One Year
Accrued compensated absences	$ 31,342	$ 803	$ -	$ 32,145	$ -

Development Authority	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014	Due within One Year
Note payable	$ 2,160	$ -	$ (2,160)	$ -	$ -

Note Payable – Development Authority

In October 2007, the Development Authority of McDuffie County and the City of Thomson entered into a note agreement for $470,000, bearing zero percent interest, with the City of Thomson and McDuffie County. The note agreement was made to consummate the purchase of a building. Debt service payments are to commence at the earlier of (1) two years from the date of issuance of a Certificate of Occupancy by the City of Thomson for the property or (2) the time at with the Development Authority leases at least one space in the new building. Monthly debt service payments will total $1,958 and will mature in 2027.

NOTE 9 – RETIREMENT PLAN

Defined Benefit Pension Plan

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for McDuffie County Employees (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan, administered by GEB Corp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document.

Complete financial statements of the defined benefit plan can be obtained from the plan administrator:

Government Employees Benefits Corporation of Georgia
400 Galleria Parkway, Suite 1250
Atlanta, Georgia 30339
Phone: (800) 736-7166

Funding Policy: The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes.

NOTE 9 – RETIREMENT PLAN- Continued

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

Derivation of Annual Pension Cost:

Annual Required Contribution	$ 465,496
Interest on Net Pension Obligation	1,153
Amortization of Net Pension Obligation	(1,234)
Annual Pension Cost	$ 465,415

Derivation of Net Pension Obligation:

Annual Pension Cost	$ 465,496
Actual contributions to plan	519,127
Decrease in Net Pension Obligation	(53,631)
Net Pension Obligation as of December 31, 2013	14,957
Net Pension Obligation as of December 31, 2014	$ 14,795

The County has made contributions to the Plan as follows:

Year Ended December 31,	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2011	$ 491,573	100%	$ 15,039
2012	459,532	100%	14,957
2013	519,127	100%	14,876
2014	465,496	100%	14,795

NOTE 9 – RETIREMENT PLAN – Continued

Analysis of Pension Plan Funding Progress

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of actuarial accrued liability provides one indication of funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plan.

Measurement Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Annual Covered Payroll (prior year)	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
December 31, 2004	$ 2,466,645	$ 3,227,220	76%	$ 760,575	$ 2,508,104	30%
December 31, 2005	2,719,440	3,662,069	74%	942,629	2,601,522	36%
December 31, 2006	3,659,475	4,569,397	80%	909,922	3,291,611	28%
December 31, 2007	4,056,389	5,012,180	81%	955,791	3,720,421	26%
December 31, 2008	4,169,932	5,431,170	77%	1,261,238	3,743,829	34%
December 31, 2009	4,682,912	5,861,209	80%	1,178,297	3,991,182	30%
December 31, 2010	5,147,287	6,555,606	79%	1,408,319	3,959,994	36%
December 31, 2011	5,612,393	6,917,466	81%	1,305,073	4,166,432	31%
December 31, 2012	6,064,531	7,180,158	85%	1,115,627	4,101,417	27%
December 31, 2013	6,910,898	7,674,937	90%	764,039	3,990,596	19%
December 31, 2014	9,033,343	7,922,187	88%	1,111,156	4,008,169	28%

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

Actuarial cost method	Projected Unit Credit
Asset valuation method	Market Value
Amortization method	Level Percent of Pay (closed)
Remaining amortization periods	10
Actuarial Assumptions	
Assumed rate of return on assets	7.75%
Expected future salary increases	4.0%-6.5% based on age
Expected inflation	3.00%

* The remaining amortization period represents the estimated period for all unfunded liabilities combined into one amortization base.

**The actuarial assumptions include expected inflation of 3.0% per annum.

The County's total payroll amounted to $6,094,495 for the year ended December 31, 2014 (based on W-2 earnings for the year).

NOTE 9 – RETIREMENT PLAN – Continued

All full-time County employees are eligible to participate in the Plan after completing three years of service with benefits vesting after five years of service. Participants become eligible to retire with unreduced benefits at the earlier of age 65 with 5 years of participation in the Plan, or by age 62 with 35 years of service. Upon eligibility to retire, participants are entitled to a monthly benefit in the amount of 1% of average annual compensation up to $10,000 plus 1.5% of average annual compensation in excess of $10,000, plus $36 for each year of service up to 35 years, payable as a ten year certain and life annuity. Average annual compensation is calculated based on the highest five-year period during the ten years prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan.

Other State of Georgia Pension Plans
The Sheriff, Clerk of Superior Court, Probate Judge, Tax Commissioner, and various other employees of the County are covered by the State of Georgia retirement plans and are not included as a part of the County's plan described above. These State Plans are funded, in part, through County fines and forfeiture collections.

Information on the Sheriff Retirement plan may be found at the following:

Georgia Sheriffs Association Retirement Fund
P.O. Box 1000
Stockbridge, GA 30281

Information on the Clerk of Superior Court Retirement plan may be found at the following:

Superior Court Clerk's Retirement Fund of Georgia
124 N. McDonough St., #3
Jonesboro, GA 30236

Information on the Probate Judge Retirement plan may be found at the following:

Probate Retirement Fund of Georgia
P.O. Box 56
Griffin, GA 30224

Information on the Tax Commissioners Retirement plan may be found at the following:

Employee Retirement System
Two Northside 75, Suite 300
Atlanta, GA 30318

Health Benefits
The County self-insures its employee health benefits for participating County employees up to $50,000 per individual. Claims in excess of $50,000 and up to $1,000,000 are reinsured through a private insurance carrier. A third-party administrator (TPA) processes claims, under the same coverage terms. The TPA processes and pays the claims and invoices the County. In 2014, the cost of health insurance was accounted for as a General Fund expense. During 2014, claims paid aggregated $798,246.

NOTE 9 – RETIREMENT PLAN – Continued

Deferred Compensation Plans

The County has adopted deferred compensation plans in accordance with Section 457 of the Internal Revenue Code. The plans allow any employee participant to voluntarily defer the lesser of 100% of the participant's gross compensation or $15,000 per year. All administrative costs of the plans are deducted from the participants' accounts. Benefit payments are payable upon termination of employment, unforeseeable emergency, retirement or death. The Custodial Account Agreement requires the County set aside assets and income from the plan in trust for the exclusive benefit of the participants and their beneficiaries. The County is in compliance with the agreement.

Information about the Pebsco Deferred Compensation plan may be found at the following:

Nationwide/Pebsco Payroll Processing
Department 1766
Columbus, OH 43271-1766

Information about the GEBCorp Deferred Compensation plan may be found at the following:

The Charles Schwab Trust
425 Market Street, 7th Floor
San Francisco, CA 94105

The County believes that it has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor.

The investments are managed by the Plan Administrator in one of three investment options or a combination thereof. The available options include fixed annuity, variable annuity and universal life insurance. The participant makes the choice of investment option(s).

At December 31, 2014, 28%, or 58, of the County's 203 employees, were participants in the deferred compensation plans.

The employees of the County contributed $150 and $96,779, respectively, to the Pebsco and GEBCorp deferred compensation plans during the year ended December 31, 2014.

GASB Statement No. 2, *Financial Reporting of Deferred Compensation Plans Adopted under the provisions of Internal Revenue Code Section 457*, established reporting requirements for IRC Section 457 plans. Based on the laws in effect at the time of its passage, that Statement required that all amounts deferred by the plan participants be reported as assets of the employer until made available to the participants or their beneficiaries. The laws governing these plans were changed to state that, as of August 20, 1996, new plans will not be considered eligible plans "unless all assets and income of the plan described in subsection (b)(6) are held in trust for the exclusive benefit of the participants and their beneficiaries". In the case of an existing plan, a trust need not be established before January 1, 1999. Since the County amended its plan to comply with the requirements of subsection (g) of Internal Revenue Code Section 457, it has adopted GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*

NOTE 10 – RISK MANAGEMENT, LITIGATION, AND CONTINGENCIES

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; injuries to employees; and natural disasters for which the government is a member of a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The County has joined together with other municipalities in the state as part of the Georgia Inter-local Risk Management Agency Property and Liability Insurance Fund and the Association County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund (ACCG-GSIWCF). As part of these risk pools, the Government is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds. The funds are to defend and protect members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims. Liabilities include amounts that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is reported as long term debt because it is not expected that it will be liquidated from expendable available financial resources. As of December 31, 2014, the County had recorded no liability for claims.

The change in the balances of the workers' compensation pool claims during fiscal year 2014 is as follows:

Unpaid claims, beginning of fiscal year	$ 188,743
Incurred claims	30,660
Claim payments	(30,110)
Unpaid claims, end of fiscal year	$ 189,293

General, property, and vehicle liabilities are provided for by commercial insurance coverage. Surety coverage is provided by insurance bonding in amounts proportionate to employee exposure. The County is liable for the $1,000 deductible. The change in the property and liability claims during the year 2014 is as follows:

Unpaid claims, beginning of fiscal year	$ 47,300
Incurred claims	78,515
Claim payments	(77,814)
Unpaid claims, end of fiscal year	$ 48,001

The County accounts for the financial operations of a self-insured employee group health program in the General Fund. Specific stop loss coverage in the amount of $50,000 per covered individual is maintained to reduce the exposure from catastrophic claims. A third party administrator is employed to process claims for the program.

NOTE 10 – RISK MANAGEMENT, LITIGATION, AND CONTINGENCIES - Continued

The change in the health insurance claims during year 2014 and 2013 are as follows:

	2014	2013
Unpaid claims, beginning of fiscal year	$ 49,292	$ 23,569
Incurred claims	718,081	907,253
Claim payments	(716,245)	(881,530)
Unpaid claims, end of fiscal year	$ 51,128	$ 49,292

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's management and counsel that resolution of these matters will not have a material effect on the financial condition of the County.

NOTE 11 – INTERFUND TRANSACTIONS

Due From/To Other Funds

Interfund receivables and payables account for loans between funds for cash management purposes. Interfund receivables and payables as of December 31, 2014, were as follows:

	Payable Fund		
Receivable Fund	Small Grants	General Fund	Total
Hotel/Motel	$ 22,098	$ 45,175	$ 67,273
General Fund	111,035	-	111,035
Multiple Grant Fund	-	84,442	84,442
Total	$ 133,133	$ 129,617	$ 262,750

NOTE 11 – INTERFUND TRANSACTIONS - Continued

Transfers To/From Other Funds

Transfers between the General Fund and other governmental funds were primarily to support the operations of the funds.

	Transfers in				
Transfers out	General Fund	Debt Service Fund	Non-major Govt Funds	Solid Waste Landfill	Total
General Fund	$ -	$ -	$ 106,521	$ 14,445	$ 120,966
SPLOST V	-	1,976,785	-	-	1,976,785
Non-major Govt Funds	349,739	-	-	-	349,739
Total	$ 349,739	$ 1,976,785	$ 106,521	$ 14,445	$ 2,447,490

NOTE 12 – NET POSITION/FUND EQUITY

Reservations of net position/fund equity are created to either satisfy legal covenants that require a portion of the fund balance be segregated or identify the portion of the fund balance that is not appropriated for future expenditures. Specific reservations of the fund balance accounts are summarized as follow:

Reserve for encumbrances – This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the County but not completed as of the close of the fiscal year.

Reserve for designated purposes – This reserve represents the portion of net position that is legally restricted for specified purposes.

Unreserved – This represents the portion of net position that is not reserved and not designated for other purposes.

The LMIG Fund had a deficit in unreserved net position totaling $68 as of December 31, 2014. The deficits will be funded through operations and transfers from the General Fund.

NOTE 13 – SOLID WASTE FUND

The County maintains a solid waste landfill facility, which was established as an enterprise fund as of January 1, 1993. The current landfill was closed during 1994, to avoid the thirty year post-closure monitoring for leaks into the ground water and removal and treatment of leachate, as required by regulations issued by the U.S. Environmental Protection Agency. By closing the facility, the County is required to monitor the facility. The licensure process for a new landfill has been completed, and the permit has been extended until completion.

The Solid Waste Fund is expected ultimately to be self-supporting. All revenues related to the collection and disposal of solid waste, and the expenses related to the operation are reported in this fund.

NOTE 13 – SOLID WASTE FUND - Continued

Government Accounting Standards Board Statement No. 18 (GASB-18) was issued effective June 15, 1993, to establish accounting standards for reporting the liabilities associated with required closure and post-closure costs. The standard states that the total estimated current cost of closure and post-closure monitoring is to be recognized as a liability as the landfill's usable area is consumed. The estimated total current cost includes: (1) the cost of equipment expected to be installed and facilities expected to be constructed, (2) the cost of the final earth cover to be applied when the landfill is full, and (3) the estimated costs of monitoring and maintaining the landfill in the post closure period. The accrued closure and post-closure costs liability totaled $282,877 as of December 31, 2014.

Costs for closure and post-closure care are based on engineering estimates and are subject to change based on various factors some of which include inflation, deflation, changes in technology, and changes in laws and regulations. These costs are to be funded by collection fees and by tonnage costs. Costs incurred during 2014 totaled $14,629.

NOTE 14 – HOTEL/MOTEL LODGING TAX

McDuffie County has levied a 5% lodging tax pursuant to O.C.G.A. 48-13-51. At least 40% of the tax is to be used for tourism related purposes. During 2014, approximately 73% of receipts were allocated for tourism. Transactions for the year ended December 31, 2014 were as follows:

Lodging tax receipts	$ 240,766
Disbursements for promotion of tourism	(127,016)
Transfer to General Fund	(77,420)
Remaining balance	$ 36,330

NOTE 15 – JOINT VENTURE

Under Georgia law, the County in conjunction with other cities and counties in the Central Savannah River Area, is a member of the Central Savannah River Area Regional Commission (RC) and is required to pay annual dues thereto. During its year ended December 31, 2014, the County paid $14,548 in such dues. Membership in the RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RC. Separate financial statements may be obtained from:

Central Savannah River Area Regional Development Center
3023 Riverwatch Parkway, Suite A
Augusta, Georgia 30907-2016

NOTE 16 – RELATED PARTY TRANSACTIONS

There were no material related party transactions during the year ended December 31, 2014.

NOTE 18 - SUBSEQUENT EVENTS

In preparing the financial statements, the County has evaluated events and transactions for potential recognition or disclosure through May 20, 2015. Management has not identified any items requiring recognition or disclosure.

REQUIRED SUPPLEMNTAL INFORMATION

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (BUDGETARY BASIS) AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2014

	Cash Basis			Variance with Final Budget - Over (Under)
	Budgeted Amount		Actual Amount	
	Original	Final		
REVENUES				
Taxes	$ 9,346,400	$ 9,346,400	$ 9,469,809	$ 123,409
Licenses and permits	145,300	145,300	163,515	18,215
Intergovernmental	1,237,404	1,434,802	1,406,453	(28,349)
Fines and forfeitures	562,000	562,000	487,911	(74,089)
Charges for services	2,087,488	2,104,990	2,082,724	(22,266)
Other	19,750	231,750	276,646	44,896
Total revenues	13,398,342	13,825,242	13,887,059	61,817
EXPENDITURES				
Current:				
General government	5,375,092	5,439,495	4,910,021	(529,474)
Public safety	4,953,572	4,996,328	4,728,861	(267,467)
Highways and streets	1,287,507	1,507,012	1,380,061	(126,951)
Health and welfare	576,633	608,611	598,846	(9,765)
Culture and recreation	887,896	924,133	907,640	(16,493)
Other	382,810	425,411	395,269	(30,142)
Total expenditures	13,463,510	13,900,990	12,920,698	(980,292)
Excess (deficiency) of revenues over expenditures	(65,168)	(75,748)	966,360	1,042,108
OTHER FINANCING SOURCES				
Transfer out	65,168	98,773	91,866	16,118
Total other financing sources	-	-	91,866	16,118
CHANGE IN FUND BALANCE	$ -	$ 23,025	1,058,227	$ 1,058,227
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities			986,209	
FUND BALANCE, BEGINNING OF YEAR			3,237,075	
FUND BALANCE, END OF YEAR			$ 5,281,511	

COMBINING AND INDIVIDUAL FUND STATEMENTS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with the County that are not required legally, or by sound financial management, to be accounted for in another fund.

MCDUFFIE COUNTY
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Jail Fund – to account for fines charged by the County that are to be used for jail improvements.

Drug Task Force Fund – to account for add-on fees received from fines to be used to assist with drug enforcement needs.

Wireless Emergency Telephone System Fund – to account for collection of wireless 911 phone surcharges used for operation and maintenance of the 911 phone system.

Landfill Surcharge Fund – to account for fees received from Solid Waste.

Hotel/Motel Fund – to account for tax to be used for tourism-related purposes.

Law Library Fund– to account for receipt of fee revenue generated to support the legal library for the McDuffie County court system.

Juvenile Probation Fund – to account for fee revenue generated for juvenile probation.

Emergency Telephone System Fund – The Emergency Telephone System Fund is used to account for the collection of 911 phone surcharges used for operation and maintenance of the 911 telephone system.

Drug Forfeiture Fund – to account for funds received as a result of property and cash seizures by the Sheriff's Department.

LMIG Fund – The LMIG Fund is used to account for proceeds from LMIG.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Community Development Block Grant Fund - to account for capital projects funded by Community Development Block Grant funds.

Special Purpose Local Option Sales Tax IV Fund – to account for property acquisition and construction of projects designated to be funded by revenue from local option sales tax collections for the years 2004 – 2008.

Stimulus Fund - to account for capital projects funded by Stimulus funds.

Bond Fund – to account for the cost of the acquisition and furnishing of the City of Thomson/McDuffie County government center.

Transportation SPLOST – to account for the construction of transportation related projects funded by the T-SPLOST proceeds.

MCDUFFIE COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	Special Revenue Funds										Capital Projects Funds				
	Jail	Law Library	Juvenile Probation	Drug Task Force	Hotel/ Motel Tax	Wireless Emergency Telephone System	Landfill Surcharge	Drug Forfeiture	LMIG Fund	Emergency Telephone System	SPLOST IV	Community Development Block Grant	Bond Fund	Transportation SPLOST	Total Nonmajor Governmental Funds
Assets															
Assets															
Cash	$ 467,126	$ 60,845	$ 48,498	$ 227,503	$ -	$ 256,597	$ 187,513	$ 254,187	$ 329,879	$ 69,124	$ 366,748	$ -	$ 63,975	$ 903,952	$ 3,235,947
Due from other funds	-	-	-	-	45,176	-	-	-	-	-	-	-	-	-	45,176
Other receivables	-	-	-	-	14,320	-	-	-	-	57,627	-	-	-	-	71,947
Intergovernmental receivables	3,396	-	-	2,298	-	-	-	-	-	-	-	-	-	72,232	77,926
Total Assets	$ 470,522	$ 60,845	$ 48,498	$ 229,801	$ 59,496	$ 256,597	$ 187,513	$ 254,187	$ 329,879	$126,751	$ 366,748	$ -	$ 63,975	$ 976,184	$ 3,430,996
Liabilities and Fund Balances															
Liabilities															
Accounts payable	$ 629	$ -	$ -	$ 65	$ 3,520	$ -	$ 199	$ -	$ 100	$ 39,590	$ -	$ -	$ 100	$ 100	$ 44,303
Accrued liabilities	-	145	-	-	1,041	-	-	-	-	12,870	-	-	-	-	14,056
Unearned revenue	-	-	-	-	-	-	-	-	329,857	-	-	-	-	-	329,857
Interfund payables	-	-	-	-	22,098	-	-	-	-	-	-	-	-	-	22,098
Total Liabilities	629	145	-	65	26,659	-	199	-	329,957	52,460	-	-	100	100	410,314
Fund balances															
Unassigned	-	-	-	-	32,837	-	-	-	-	-	-	-	-	-	32,837
Capital Projects	-	-	-	-	-	-	-	-	-	-	366,748	-	63,875	976,084	1,406,707
Special Revenues	469,893	60,700	48,498	229,736	-	256,597	187,314	254,187	(78)	74,291	-	-	-	-	1,581,138
Total Fund Balances	469,893	60,700	48,498	229,736	32,837	256,597	187,314	254,187	(78)	74,291	366,748	-	63,875	976,084	3,020,682

MCDUFFIE COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds										Capital Projects Funds				
	Jail	Law Library	Juvenile Probation	Drug Task Force	Hotel/ Motel Tax	Wireless Emergency Telephone System	Landfill Surcharge	Drug Forfeiture	LMIG Fund	Emergency Telephone System	SPLOST IV	Community Development Block Grant	Bond Fund	Transportation SPLOST	Total Nonmajor Governmental Funds
Revenues															
Fees for services	$ -	$ -	$ 2,155	$ -	$ -	$ -	$ 41,237	$ -	$ -	$392,238	$ -	$ -	$ -	$ -	$ 435,630
Fines and forfeitures	30,540	9,352		17,065	-	-	-	28,953	-	-	-	-	-	-	85,910
Intergovernmental	25,762	-	-	8,635	-	-	-	-	331,917	-	-	-	-	849,817	1,216,131
Interest income		34	-	-	-	-	-	-	-	-	-	-	148	1,935	2,117
Taxes	-	-	-	-	240,766	-	-	-	-	-	-	-	-	-	240,766
Total Revenues	56,302	9,386	2,155	25,700	240,766	-	41,237	28,953	331,917	392,238	-	-	148	851,752	1,980,554
Expenditures															
Current															
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	20,881	-	1,072	11,230	-	-	-	35,279	-	576,140	-	-	-	-	644,602
Public works	-	-	-	-	-	-	1,481	-	380	-	-	-		-	1,861
Economic development	-	-	-	-	127,016	-	-	-	-	-	-	-	-	-	127,016
Judicial	-	19,960	-	-	-	-	-	-	-	-	-	-	-	-	19,960
Capital outlay															-
General government		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works					-	-	39,357	6,798	331,615	-	-	-	-	444,070	821,840
Public safety	9,456	-	-	-	-	15,069	-	-	-	-	-	-	-	-	24,525
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	30,337	19,960	1,072	11,230	127,016	15,069	40,838	42,077	331,995	576,140	-	-	-	444,070	1,639,804
Excess (deficiency) of revenues over expenditures	25,965	(10,574)	1,083	14,470	113,750	(15,069)	399	(13,124)	(78)	(183,902)	-	-	148	407,682	340,750
Transfers in (out)	-	-	-	-	(77,420)	-	-	-	-	183,941	-	-	-	-	106,521
Net Change	25,965	(10,574)	1,083	14,470	36,330	(15,069)	399	(13,124)	(78)	39	-	-	148	407,682	447,271
FUND BALANCES, BEGINNING OF YEAR	443,928	71,274	47,415	215,266	(3,493)	271,666	186,915	267,311	-	74,252	366,748	-	63,727	568,402	2,573,411
FUND BALANCES, END OF YEAR	$ 469,893	$ 60,700	$ 48,498	$ 229,736	$ 32,837	$ 256,597	$ 187,314	$ 254,187	$ (78)	$ 74,291	$ 366,748	$ -	$ 63,875	$ 976,084	$ 3,020,682

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET (BUDGETARY BASIS) AND ACTUAL
JAIL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 57,500	$ 57,500	$ 56,831	$ (669)
Intergovernmental	-	-	-	-
Interest income	-	-	-	-
Prior year	65,300	65,300	-	(65,300)
Total Revenues	122,800	122,800	56,831	(65,969)
Expenditures				
Public safety	87,000	87,000	20,880	(66,120)
Capital outlay	35,800	35,800	19,060	(16,740)
Total Expenditures	122,800	122,800	39,940	(82,860)
Net Change in Fund Balance	$ -	$ -	16,891	$ 16,891
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			9,074	
Fund Balance, beginning of year			443,928	
Fund Balance, end of year			$ 469,893	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
LAW LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 13,200	$ 23,330	$ 9,351	$ (13,979)
Interest Income	50	50	34	(16)
Other	-	-	-	-
Prior year	-	-	-	-
Total Revenues	13,250	23,380	9,385	(13,995)
Expenditures				
General government	13,250	23,380	31,971	8,591
Total Expenditures	13,250	23,380	31,971	8,591
Net Change in Fund Balance	$ -	$ -	(22,586)	$ (22,586)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			12,012	
Fund Balance, beginning of year			71,274	
Fund Balance, end of year			$ 60,700	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
JUVENILE PROBATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fees for services	$ 3,000	$ 6,600	$ 2,155	$ (4,445)
Total Revenues	3,000	6,600	2,155	(4,445)
Expenditures				
Public safety	3,000	6,600	1,072	(5,528)
Total Expenditures	3,000	6,600	1,072	(5,528)
Net Change in Fund Balance	$ -	$ -	1,083	$ 1,083
Fund Balance, beginning of year			47,415	
Fund Balance, end of year			$ 48,498	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
DRUG TASK FORCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 18,000	$ 18,000	$ 25,097	$ 7,097
Intergovernmental	-	-	-	-
Interest income	-	-	-	-
Prior year	47,000	47,000	-	(47,000)
Total Revenues	65,000	65,000	25,097	(39,903)
Expenditures				
Capital outlay	-	-	-	-
Public safety	65,000	65,000	11,227	(53,773)
Total Expenditures	65,000	65,000	11,227	(53,773)
Net Change in Fund Balance	$ -	$ -	13,870	$ 13,870
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			600	
Fund Balance, beginning of year			215,266	
Fund Balance, end of year			$ 229,736	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
HOTEL/MOTEL TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Taxes	$ 186,000	$ 208,252	$ 249,924	$ 41,672
Total Revenues	186,000	208,252	249,924	41,672
Expenditures				
General government	186,000	208,252	327,344	119,092
Total Expenditures	186,000	208,252	327,344	119,092
Other Financing Sources				
Transfers to General Fund	-	-	77,420	77,420
Net Change in Fund Balance	$ -	$ -	-	$ -
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			36,330	
Fund Balance, beginning of year			(3,493)	
Fund Balance, end of year			$ 32,837	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
WIRELESS EMERGENCY TELEPHONE SYSTEM FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fees for services	$ 250,000	$ 250,000	$ 328,312	$ 78,312
Intergovernmental	70,000	70,000	62,534	(7,466)
Total Revenues	320,000	320,000	390,846	70,846
Expenditures				
Public safety	679,164	844,426	686,821	(157,605)
Total Expenditures	679,164	844,426	686,821	(157,605)
Other Financing Sources				
Transfers from General Fund	359,164	524,426	435,507	(88,919)
Net Change in Fund Balance	$ -	$ -	139,532	$ 228,451
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			(154,601)	
Fund Balance, beginning of year			271,666	
Fund Balance, end of year			$ 256,597	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
LANDFILL SURCHARGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fees for services	$ 41,500	$ 41,500	$ 41,237	$ (263)
Total Revenues	41,500	41,500	41,237	(263)
Expenditures				
Capital outlay	41,500	41,500	39,986	(1,514)
Total Expenditures	41,500	41,500	39,986	(1,514)
Net Change in Fund Balance	$ -	$ -	1,251	$ 1,251
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			(852)	
Fund Balance, beginning of year			186,915	
Fund Balance, end of year			$ 187,314	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
WIRELESS EMERGENCY TELEPHONE SYSTEM FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fees for services	$ 60,000	$ 60,000	$ -	$ (60,000)
Prior year	37,000	37,000	-	(37,000)
Total Revenues	97,000	97,000	-	(97,000)
Expenditures				
Public safety	60,000	60,000	-	(60,000)
Capital outlay	37,000	37,000	21,055	(15,945)
Total Expenditures	97,000	97,000	21,055	(75,945)
Other Financing Sources				
Transfers from General Fund	-	-	-	-
Net Change in Fund Balance	$ -	$ -	(21,055)	$ (21,055)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			24,094	
Fund Balance, beginning of year			71,252	
Fund Balance, end of year			$ 74,291	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
DRUG FORFEITURE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Federal	$ 20,000	$ 20,000	$ 24,840	$ 4,840
State	5,000	$ 5,000	$ 4,112	$ (888)
Prior year	30,200	$ 30,200	-	(30,200)
Total Revenues	55,200	55,200	28,952	(26,248)
Expenditures				
Public safety	55,200	55,200	42,076	(13,124)
Total Expenditures	55,200	55,200	42,076	(13,124)
Net Change in Fund Balance	$ -	$ -	(13,124)	$ (13,124)
Fund Balance, beginning of year			267,311	
Fund Balance, end of year			$ 254,187	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
LMIG FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Prior year	-	$ 332,015	329,857	(2,158)
Total Revenues	-	332,015	329,857	(2,158)
Expenditures				
Public works	-	332,015	331,995	(20)
Total Expenditures	-	332,015	331,995	(20)
Net Change in Fund Balance	$ -	$ -	(2,138)	$ (2,138)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			2,060	
Fund Balance, beginning of year			-	
Fund Balance, end of year			$ (78)	

FIDUCIARY FUNDS

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

Clerk of Court – to account for the receipt and disbursement of court ordered fines and fees made on behalf of third parties.

Probate Court – to account for the receipt and disbursement of funds held on behalf of others and fees for services provided under State law.

Sheriff – to account for the receipt and disbursement of fees and services provided under State law.

Tax Commissioner - to account for tax billings, collections, and remittances held by the Tax Commissioner on behalf of other governmental agencies.

Magistrate's Court – to account for the receipt and disbursement of bonds and court ordered fines and fees made on behalf of third parties.

MCDUFFIE COUNTY, GEORGIA
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2014

	Agency Funds					
	Clerk of Court	Probate Court	Sheriff	Tax Commissioner	Magistrate Court	Total
Assets						
Assets						
Cash	$ 302,063	$ 37,615	$ 70,167	$ 641,603	$ 19,252	$ 1,070,700
Total Assets	$ 302,063	$ 37,615	$ 70,167	$ 641,603	$ 19,252	$ 1,070,700
Liabilities						
Liabilities						
Due to others	$ 302,063	$ 37,615	$ 70,167	$ 641,603	$ 19,252	$ 1,070,700
Total Liabilities	$ 302,063	$ 37,615	$ 70,167	$ 641,603	$ 19,252	$ 1,070,700

MCDUFFIE COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Agency Funds					
	Clerk of Court	Probate Court	Sheriff	Tax Commissioner	Magistrate Court	Total
Assets						
Cash						
Balance at beginning of year	$ 302,063	$ 37,615	$ 70,167	$ 641,603	$ 21,995	$ 1,073,443
Additions	-	-	-	-	238,527	238,527
Deletions	-	-	-	-	241,270	241,270
Balance at end of year	302,063	37,615	70,167	641,603	19,252	1,070,700
Total Assets	$ 302,063	$ 37,615	$ 70,167	$ 641,603	$ 19,252	$ 1,070,700
Liabilities						
Due to others						
Balance at beginning of year	$ 302,063	$ 37,615	$ 70,167	$ 641,603	$ 21,995	$ 1,073,443
Additions	-	-	-	-	238,527	238,527
Deletions	-	-	-	-	241,270	241,270
Balance at end of year	302,063	37,615	70,167	641,603	19,252	1,070,700
Total Liabilities	$ 302,063	$ 37,615	$ 70,167	$ 641,603	$ 19,252	$ 1,070,700

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SUPPLEMENTARY INFORMATION

Baird & Company *CPAs, LLC*
CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS

John P. Gillion, Jr., CPA, PFS, CFS, CVA, CFP®
Brenda F. Carroll, CPA, CFE, CIA, CICA, FCPA, CSEP, PFS
Rep E. Whiddon, CPA, CVA

INDEPENDENT AUDITORS' 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
McDuffie County, 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of McDuffie County, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise McDuffie County, Georgia's basic financial statements and have issued our report thereon dated May 20, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during out audit we did not identify any deficiency in internal control that we consider to be material weakness. We did identify certain deficiencies in internal control, described in the Managements Recommendation Letter dated May 20, 2015 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether McDuffie 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 one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* 2015-2.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
May 20, 2015

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2004-2008
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

Project: SPLOST IV
McDuffie County/City of Thomson, Georgia
City of Dearing, Georgia
Street and Capital Outlay Projects

Purpose (in funding sequence)	Estimated Cost	Reallocation Cost	Prior Years	Current Year	Total	Percentage of Completion
Funded simultaneously						
City of Thomson						
Ladder truck	$ 517,000	$ 517,000	517,000	$ -	517,000	100%
Breathing appartus	65,000	64,242	64,242	-	64,242	100%
T/E Project	260,000	260,000	259,212	-	259,212	100%
Big Creek	2,515,000	3,370,550	3,370,550	-	3,370,550	100%
Scada	175,000	143,273	143,273	-	143,273	100%
Other city water/sewer projects	721,000	130,032	213,469	-	213,469	164%
Development Authority						
Economic Development	1,900,000	1,710,250	1,347,949	-	1,347,949	79%
Thomson Company	500,000	689,750	689,750	-	689,750	100%
McDuffie County						
Boys & Girls Club	-	117,909	116,894	-	116,894	99%
Water and Sewer	2,906,998	768,145	642,944	-	642,944	84%
Airport	-	8,240	10,443	-	10,443	127%
Road Construction and Improvements	2,721,482	2,795,178	2,707,272	-	2,707,272	97%
Recreation	2,500,000	2,453,644	2,512,123	-	2,512,123	102%
Technology	50,000	-	-	-	-	0%
Land	-	25,621	25,709	-	25,709	100%
Public Safety						
Pumpers (2)	243,992	34,440		-		0%
Fire Station #1	1,044,114	1,086,477	1,179,433	-	1,179,433	109%
Brush trucks (2)	-	61,340	61,340	-	61,340	100%
Rescue Truck	61,340	-	-	-	-	100%
Information Technology	50,000	-	-	-	-	0%
Gear	520	47,810	59,938	-	59,938	125%
Government Complex	1,600,000	2,514,038	2,515,307	-	2,515,307	100%
Government Complex - IT	100,000	101,552	97,255	-	97,255	96%
Senior Citizens Center	-	23,397	23,685	-	23,685	101%
Department of Family and Children's	-	3,999	3,999	-	3,999	100%
McDuffie County Hospital						
Ambulances (3)	270,000	234,630	234,630	-	234,630	100%
Cardiac monitor	-	41,928	41,928	-	41,928	100%
Hospital Expansion	1,000,000	1,000,000	1,000,000	-	1,000,000	100%
Town of Dearing						
Fire Station	-	25,000	25,000	-	25,000	100%
Gym Renovations	-	78,331	78,331	-	78,331	100%
Totals	$ 19,201,446	$ 18,306,776	$ 17,941,676	$ -	$ 17,941,676	

See independent auditors' report

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2009-2014
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

Project: SPLOST V
McDuffie County/City of Thomson, Georgia
City of Dearing, Georgia
Street and Capital Outlay Projects

Purpose (in funding sequence)	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
Funded simultaneously						
City of Thomson						
City Street Resurfacing	$ 700,000	$ 700,000	$ 461,975	$ 162,410	$ 624,385	89%
City Fire Engine	300,000	300,000	283,997		283,997	95%
City Station #2 improvements	100,000	100,000	-	-	-	0%
Skate Park	300,000	300,000	198,554	-	198,554	66%
Walking Track	25,000	25,000	23,523	-	23,523	94%
Water/Sewer						
Water Line Replacement	120,000	120,000	98,917	-	98,917	82%
Sewer Plant Improvement	1,000,000	1,000,000	1,022,409	-	1,022,409	102%
Usry Pond Improvement	750,000	387,051	-	-	-	0%
Augusta Road Plant Project	1,250,000	1,250,000	224,739	-	224,739	18%
Raising Usry Pond Dam	690,000	-	-	-	-	0%
Big Creek		34,590		34,590	34,590	100%
De-watering Project		1,018,359		158,893	158,893	16%
					-	
Development Authority					-	
Land Development	250,000	250,000	7,800	17,500	25,300	10%
Land Acquisition	250,000	250,000	-	-	-	0%
Thomson Company Redevelopment	250,000	250,000	18,412	100,573	118,985	48%
Infrastructure	150,000	150,000	11,134	129,875	141,009	94%
Information Technology	50,000	50,000	42,962	-	42,962	86%
Landscaping/Signage	50,000	50,000	-	-	-	0%
McDuffie County						
Government Center Complex						
Government Center	11,510,428	11,510,428	8,212,722	1,976,785	10,189,507	89%
Roads & Streets						
County Road Resurfacing	1,800,000	1,800,000	865,614	500,420	1,366,034	76%
Airport						
Runway Overlay	200,000	200,000	168,887	382	169,269	85%
Recreation						

See independent auditors' report

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2009-2014 - Continued
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

Purpose (in funding sequence)	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
Recreation						
Restrooms @ Sweetwater Park Football	$ 75,000	$ 75,000	$ 71,712		$ 71,712	0%
Bleachers for Gym @ Sweetwater Park	57,000	57,000	42,594		42,594	0%
Outdoor Bleachers Cover for Shade	75,000	75,000	-	-	-	0%
Walking Track Improvements @ Sweetwater	60,000	60,000	573	14,136	14,709	25%
Recreation other	690,000	690,000	18,242		18,242	3%
Land Acquisition for City Parks	108,000	108,000	87,459	3,141	90,600	84%
Information Technology						
New Computer Applications & Improvements	500,000	500,000	500,000		500,000	100%
Public Safety						
EMS, 2 Ambulances	225,000	225,000	115,604	109,396	225,000	100%
County Fire Engine	300,000	300,000	291,621	-	291,621	97%
County Brush Truck	100,000	100,000	-	99,673	99,673	100%
County Fire Service Truck	150,000	150,000	-	64,016	64,016	43%
County Station #4	150,000	150,000	760	18,555	19,315	13%
McDuffie County Hospital						
New Inpatient Unit (Partial for Debt Service)	3,000,000	3,000,000	500,000	-	500,000	17%
Town of Dearing						
City Hall Playground Area &		78,816	-	78,816	78,816	100%
Bill Eubanks Improvement	150,000	71,184	5,913	-	5,913	8%
Totals	$ 25,385,428	$ 25,385,428	$ 13,276,123	$ 3,469,163	$ 16,745,286	

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MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES AND SOURCE AND APPLICATION OF FUNDS
FOR COMMUNITY DEVELOPMENT BLOCK GRANTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

Project:	Community Development Block Grant
Public Facilities:	Community Housing Investment Program
Grant Number:	08m-y-094-1-6011
Commencement of Project :	September 2008

Purpose	Original Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
Improvements	$290,104	$278,433	$ -	$278,433	96%

See independent auditors' report