ANNUAL FINANCIAL REPORT

MCDUFFIE COUNTY,
GEORGIA

YEAR ENDED DECEMBER 31, 2016

MCDUFFIE COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2016

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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 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, 2016, 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 $172,318 and total net position of ($325,126) as of June 30, 2016, and total revenues of $557,462 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 discretely presented component units, each major fund, and the aggregate remaining fund information of McDuffie County, Georgia, as of December 31, 2016, 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 (on pages 5 through 17), the Schedule of the Net Pension Liability (on page 57), the Schedule of Contributions (on page 58), the Schedule of Proportionate Share of the Net Pension Liability (on page 59) and budgetary comparison information (on page 54 through 56), 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 an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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, Schedule of Special Purpose Local Option Sales Taxes 2015-2019 and 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, Schedule of Special Purpose Local Option Sales Taxes 2015-2019 and Schedule of Project Expenditures and Source and Application ofFunds 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, Based on our audit, the procedures performed as described above, and the report of the other auditors, 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, Schedule of Special Purpose Local Option Sales Taxes 2015-2019 and 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 31, 2017, 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 31, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2016. We encourage readers to consider the information presented in this analysis along with the complete financial statements and notes in the 2016 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 20-25 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 30 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 VI, and the Transportation SPLOST.

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 Water, Sewer and 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 26-28 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 71-73 of this report.

Government-wide Financial Analysis

Net Position
Net position may serve over time as useful indicators 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 $37.7 million and $41.3 million as of December 31, 2016 and December 31, 2015, 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, 76%, reflects its investment in capital assets such as land, buildings, roads and equipment. The balance of unrestricted net position, 13% in 2016 and 12% in 2015 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 2016 and 2015.

McDuffie County's Net Position
December 31, 2016 and 2015

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	$ 13,055,613	$ 14,073,958	$ 323,220	$ 288,257	$ 13,378,833	$ 14,362,215
Capital assets, net	41,033,951	39,404,997	784,017	788,729	41,817,968	40,193,726
Total assets	54,089,564	53,478,955	1,107,237	1,076,986	55,196,801	54,555,941
Deferred Outflows of Resources						
Deferred outflows related to pension	737,430	51,469	-	-	51,469	51,469
Total deferred outflows of resources	737,430	51,469	-	-	51,469	51,469
Total assets and deferred outflows of resources	54,826,994	53,530,424	1,107,237	1,076,986	55,248,270	54,607,410
Liabilities						
Current and other liabilities	2,699,710	2,284,523	117,224	126,399	2,816,934	2,410,922
Long-term liabilities	14,232,343	9,945,000	245,218	264,695	14,477,561	10,209,695
Total liabilities	16,932,053	12,229,523	362,442	391,094	17,294,495	12,620,617
Deferred Inflows of Resources						
Deferred inflows related to pension	171,114	-	-	-	51,469	51,469
Total deferred inflows of resources	171,114	-	-	-	51,469	51,469
Total liabilities and deferred inflows of resources	17,103,167	12,229,523	362,442	391,094	17,345,964	12,672,086
Net Position						
Invested in capital assets, net related debt	26,998,951	29,459,997	784,017	788,729	27,782,968	30,248,726
Restricted - Capital Projects	4,567,035	3,496,944	-	-	4,567,035	3,496,944
Restricted - Special Revenues	1,374,091	1,552,047	-	-	1,374,091	1,552,047
Restricted - Debt Service	40,887	2,010,487	-	-	40,887	2,010,487
Unrestricted	4,742,863	4,781,426	(39,222)	(102,837)	4,703,641	4,678,589
Total net position	$ 37,723,827	$ 41,300,901	$ 744,795	$ 685,892	$ 38,468,622	$ 41,986,793

Changes in Net Position

Governmental Activities

Governmental activities decreased the Government's net position by $3.5 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 49.8% of the total governmental revenues. Property taxes decreased by $22,195 from 2015 as a result of a lower collection rate for 2016 and prior years. Sales tax decreased by $256,972 from the previous year while hotel, energy excise, and insurance premium taxes increased for the year.

Governmental Functional Expenses: As reflected in the changes for net position, the Government expended $5,439,994 above the previous year. The majority of the increase in expenses is contributed to improvements at the Law Enforcement Center. A new roof, security electronics and thirty two air condition units totaling $2,460,224 was paid from Special Purpose Local Option Sales Tax VI, the Jail Fund and General Fund. Also, contributing to the increase in expenses was for road improvements in the amount of $1,023,133, which was paid from the Transportation Special Purpose Local Option Sales Tax and the Local Maintenance and Improvement Grant. Debt and interest payments totaling $1,829,471 were paid during 2016 contributing to the additional expenditures.

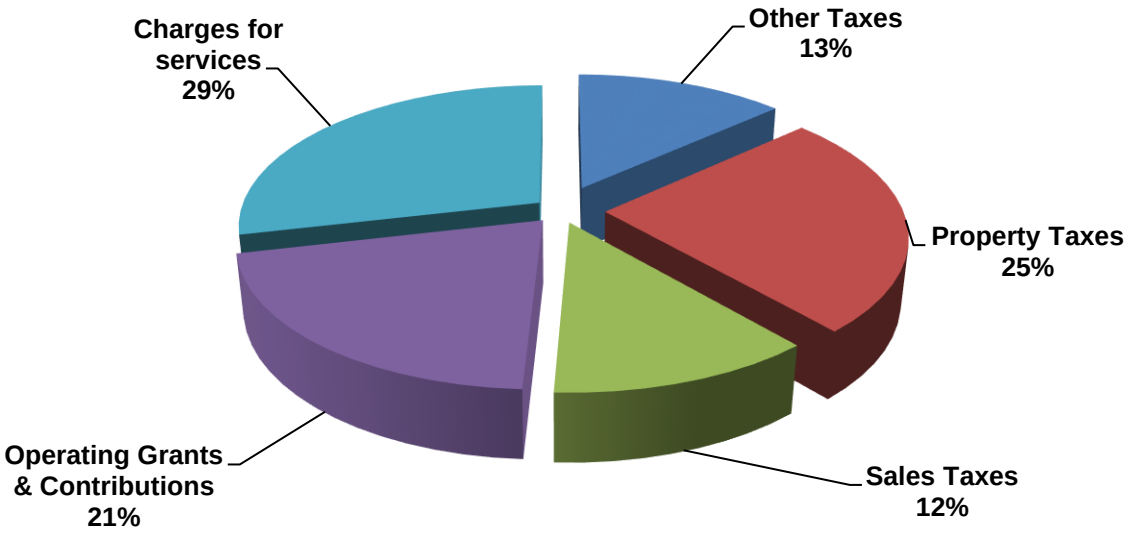
Revenues were accumulated in prior years and reflected on previous financial statements from the Special Purpose Local Option Sales Tax VI and the Transportation Special Purpose Local Option Sales Tax that were used to fund the expenses listed above. The current financial statements show a $3.5 million decrease in assets; however, those expenses are offset by revenues collected in prior years.

Business-type activities: Business-type activities increased the Government's net position by approximately $58,903. The Solid Waste Facility closely monitors the expenditures to ensure the facility is operating efficiently.

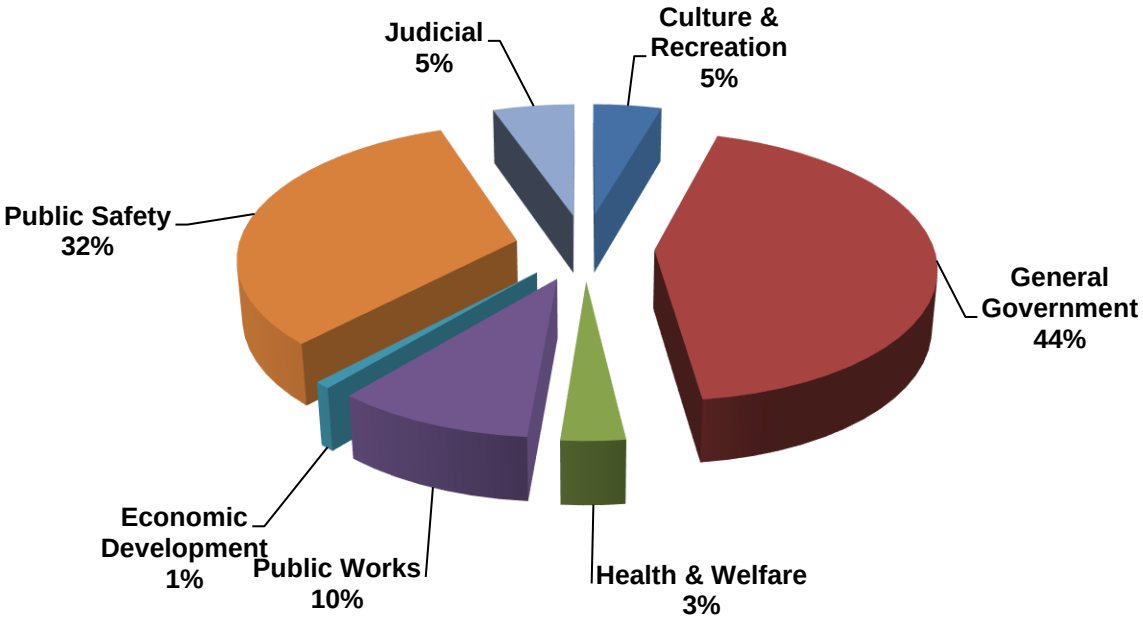
McDuffie County
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charges for Services	$ 5,464,807	$ 4,219,802	$ -	$ -	$ 4,219,802	$ 5,271,497
Solid Waste	-	-	1,407,571	1,562,567	1,562,567	1,608,747
Operating Grants & Contributions	93,998	86,745	-	-	86,745	86,745
Capital Grants & Contributions	4,027,782	4,594,568	-	-	4,594,568	351,825
Total Program Revenues	9,586,587	8,901,115	1,407,571	1,562,567	10,463,682	7,318,814
General Revenues:						
Property taxes	4,311,908	4,334,103	-	-	4,311,908	4,334,103
Sales taxes	2,067,741	2,324,713	-	-	2,067,741	2,324,713
Franchise taxes	78,843	78,132	-	-	78,843	78,132
Intangible taxes	32,873	66,413	-	-	32,873	66,413
Hotel/motel taxes	272,794	250,432	-	-	272,794	250,432
Alcoholic beverage taxes	223,373	232,220	-	-	223,373	232,220
Financial institution tax	-	-	-	-	-	-
Real estate transfer tax	-	-	-	-	-	-
Energy Excise Tax	266,090	214,363	-	-	266,090	-
Timber tax	27,197	23,634	-	-	27,197	-
Insurance premium tax	812,464	763,795	-	-	812,464	763,795
Interest income	1,204	1,018	-	-	1,204	1,018
Payments in lieu of taxes	37,043	36,375	-	-	37,043	36,375
Railroad taxes	-	-	-	-	-	-
Motor Vehicle tax	458,255	461,584	-	-	458,255	461,584
Miscellaneous taxes	63,990	62,991	-	-	63,990	62,991
Total General Revenues	8,653,775	8,849,773	-	-	8,653,775	8,849,773
Total Revenue	18,240,362	17,750,888	1,407,571	1,562,567	18,240,362	19,313,455
Expenses:						
General government	6,399,411	3,233,030	-	-	6,399,411	3,233,030
Public Safety	8,868,022	6,111,965	-	-	8,868,022	6,111,965
Public Works	3,232,102	2,912,182	-	-	3,232,102	2,912,182
Health & welfare	766,099	708,825	-	-	766,099	708,825
Solid Waste	-	-	1,373,973	1,413,382	1,373,973	1,413,382
Economic Development	170,667	782,054	-	-	170,667	782,054
Culture & recreation	925,470	994,769	-	-	925,470	994,769
Judicial	1,095,989	1,070,252	-	-	1,095,989	1,070,252
Interest	334,471	539,250	-	-	334,471	539,250
Total Expenses	21,792,231	16,352,327	1,373,973	1,413,382	23,166,204	17,765,709
Transfers Out	(25,205)	(94,741)	25,205	94,741	-	-
Change in net position	(3,577,074)	1,303,820	58,803	243,926	(3,518,271)	1,547,746
Ending net position	$ 37,723,827	$ 41,300,901	$ 744,695	$ 685,892	$ 38,468,522	$ 41,986,793

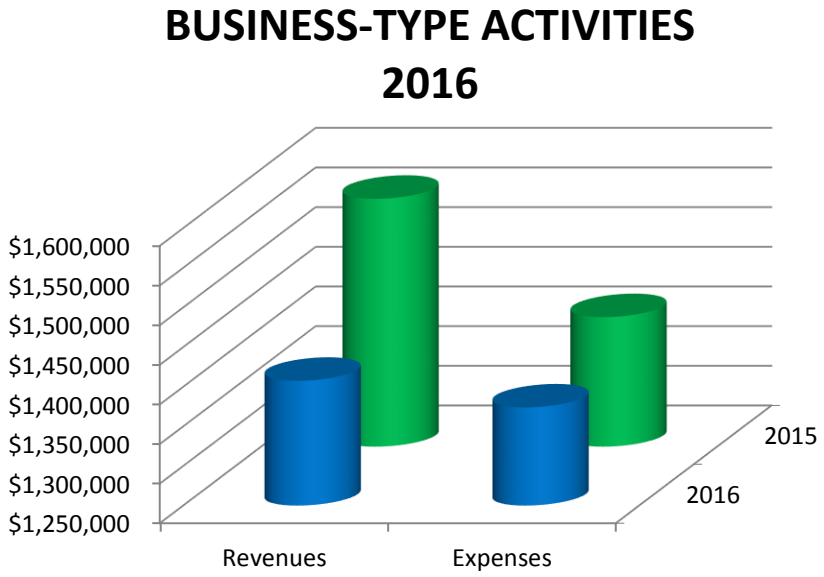
Government-Wide Revenues



Government-Wide Expenses



Business-type activities
Business type activities reflected lower expenses and lower revenues for 2016. The solid waste system incurred a profit of $33,598 for the year. The illustration below compares the revenues and expenses for 2016 and 2015.



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 VI, and the Transportation SPLOST.

As of December 31, 2016, McDuffie County governmental funds, which include the major funds and various other funds, reported combined fund balances of $11,627,065.

The General Fund is the chief operating fund of the County. At December 31, 2016, total fund balance was $5,645,052. The fund balance of McDuffie County has increased by $46,715 since 2015.

Capital Project funds account for the construction of capital improvements with SPLOST VI 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 phases, 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.

Transportation SPLOST is another major fund for the Government. This fund reflects revenues collected from the 1% Special Local Option Sales Tax that is designated for road construction and improvements.

A Local Maintenance and Improvement Grant was 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, 2016, total net position amounted to $744,795 for enterprise funds compared to $685,892 at December 31, 2015. 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.

The solid waste transfer system had earned a profit of $33,598 for the year. The revenues decreased by $154,996 and the expenditures decreased by $39,409 for the year.

Capital Assets and Debt Administration

Capital Assets

McDuffie County has invested $41,817,968 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. In 2015, Georgia Department of Transportation approved the expansion of the western bypass. This award was in the amount of $16,987,900. This expansion will be near the new University Hospital McDuffie facility and connect to the other completed portion of the western bypass. This project will be paid from the T-SPLOST proceeds for joint projects with other Counties.

During 2015, the County began receiving collections from SPLOST VI, which is the new six year SPLOST the voters approved in 2014. These funds will assist with 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		Totals	
	2016	2015	2016	2015	2016	2015
Land	$ 3,595,233	$ 3,487,567	$ 312,891	$ 312,891	$ 3,908,124	$ 3,800,458
Buildings	39,934,671	37,369,179	212,237	212,237	40,146,908	37,581,416
Machinery & equipment	10,814,916	10,491,793	340,856	320,856	11,155,772	10,812,649
Infrastructure	43,536,283	42,685,391	-	-	43,536,283	42,685,391
Construction in progress	104,013	128,546	254,780	249,576	358,793	378,122
Total Assets	97,985,116	94,162,476	1,120,764	1,095,560	99,105,880	95,258,036
Accumulated Depreciation	(56,951,165)	(54,757,478)	(336,747)	(306,830)	(57,287,912)	(55,064,308)
Net Capital Assets	$ 41,033,951	$ 39,404,998	$ 784,017	$ 788,730	$ 41,817,968	$ 40,193,728

Listed below are some of the significant capital asset transactions which occurred in 2016:

- General Fund funded two patrol vehicles totaling $60,364, digital images $13,841 and other capital assets totaling $214,513.
- Local maintenance and Improvement Grant funded a portion of road resurfacing in the amount of $324,303.
- SPLOST VI, Jail Fund and the General Fund, funded a new roof, security electronics and thirty-two air conditioners for the Law Enforcement Center in the amount of $2,460,224.
- T-SPLOST funded a portion of road resurfacing in the amount of $526,589.
- The Jail Fund purchased a new freezer, icemaker and walk-in cooler for the Law Enforcement Center.
- Federal Emergency Management Agency and the, Georgia Emergency Management Agency awarded the County with the purchase of a generator for the County's Fueling System in the amount of $54,415.
- The Historical Rock House was donated to McDuffie County with a value of $153,348.

Debt Service

McDuffie County is a very fiscally conservative government. Debt agreements are used 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 $1,829,471 were paid from SPLOST VI collections towards the general obligation bond. During 2016, The County entered into a bond agreement for $5,585,000 with bearing interest rates of 2 – 3% to refund $5,280,000 of the County's bond, which was issued during 2008. This refunding will save the County a present value of $236,386. All payments for this debt will be completed in the year 2021.

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 $48 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 postclosure 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. The net pension liability listed in the chart below represents the amount the County needs to fund future pension payments. This liability was calculated by the actuarial valuation as of December 31, 2015. Note 8 of the financial statements provide a summary of the long-term liability transactions for the year ending 2015.

McDuffie County
Outstanding Debt
Fiscal Years 2016 and 2015

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Accrued compensated absences	$ 333,122	$ 320,735	$ 6,540	$ 5,544	$ 339,662	$ 326,279
Net pension liability	1,679,221	1,111,156	-	-	1,679,221	-
Bonds payable	14,035,000	9,945,000	-	-	14,035,000	11,385,000
Postclosure costs	-	-	238,678	264,695	238,678	264,695
Total Debt	$ 16,047,343	$ 11,376,891	$ 245,218	$ 270,239	$ 16,292,561	$ 11,975,974

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 2016, the Family Y began the ground breaking of a new facility in McDuffie County. Several medical offices continued to be built in the complex adjacent to the hospital. Augusta Coating and Manufacturing expanded their facility by 51,713 square feet a $1.3 million dollar project. These investments into the community should provide potential commercial growth and more jobs for the community.

McDuffie County is making every effort to keep the unemployment rate low. The unemployment rate as of December 2016 was 7% compared to December, 2015 of 7.2%.

Budget Highlights for the Fiscal Year Ending December 31, 2017

- Balanced budget with no reduction in services and no tax increase
- A majority of County departments remained at the same budget allocation as 2016
- 1% cost of living pay increase was included for all full time and part time employees
- McDuffie County was awarded a community block development grant in the amount of $445,506 for drainage improvements on Davis Circle.
- McDuffie County was awarded a Community Home Investment Program grant in the amount of $306,000 for improvements to homes for low-income families.

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, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Development Authority	Health Department
Assets					
Cash and cash equivalents	$ 10,737,754	$ 278,090	$ 11,015,844	$ 1,138,512	$ 106,861
Investments	557,226	-	557,226	-	-
Receivables					-
Taxes	857,214	-	857,214	-	-
Accounts	819,277	45,130	864,407	1,122,369	21,241
Intergovernmental	4,778	-	4,778	-	44,216
Restricted assets					
Cash and cash equivalents	79,364	-	79,364	-	-
Capital assets not being depreciated:					
Construction in progress	104,013	254,780	358,793	-	-
Land	3,595,233	312,891	3,908,124	3,825,464	-
Capital assets (net of accumulated depreciation)					
Buildings and improvements	28,856,214	92,466	28,948,680	1,473,465	-
Furniture, fixtures, and equipment	2,653,833	123,880	2,777,713	3,181	-
Infrastructure	5,824,658	-	5,824,658	-	-
Total assets	54,089,564	1,107,237	55,196,801	7,562,991	172,318
Deferred Outflows of Resources					
Deferred outflows related to pension	737,430	-	737,430	-	94,874
Total deferred outflows of resources	737,430	-	737,430	-	94,874
Total assets and deferred outflows of resources	54,826,994	1,107,237	55,934,231	7,562,991	267,192
Liabilities					
Accounts payable	612,259	113,276	725,535	-	17,883
Accrued liabilities	247,075	3,948	251,023	-	-
Due to others	25,376	-	25,376	-	-
Noncurrent liabilities					
Due within one year					
Bond Payable	1,685,000	-	1,685,000	-	-
Due in more than one year					
Note Payable	12,350,000	-	12,350,000	-	-
Bond Payable	-	-	-	291,160	-
Closure and post closure costs payable	-	238,678	238,678	-	-
Compensated absences payable	333,122	6,540	339,662	-	24,665
Net pension liabilities	1,679,221	-	1,679,221	-	500,996
Total liabilities	16,932,053	362,442	17,294,495	291,160	543,544
Deferred inflows of Resources					
Deferred inflows related to pension	171,114	-	171,114	-	48,774
Total deferred inflows of resources	171,114	-	171,114	-	48,774
Total liabilities and deferred inflows of resources	17,103,167	362,442	17,465,609	291,160	592,318
Net Position					
Net investment in capital assets	26,998,951	784,017	27,782,968	5,302,110	-
Restricted for:					
Capital projects	4,567,035	-	4,567,035	-	-
Special revenues	1,374,091	-	1,374,091	-	-
Debt service	40,887	-	40,887	-	-
Unrestricted	4,742,863	(39,222)	4,703,641	1,969,721	(325,126)
Total net position	$ 37,723,827	$ 744,795	$ 38,468,622	$ 7,271,831	$ (325,126)

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, 2016

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	$ 6,399,411	$ 3,818,334	$ -	$ 4,016,850	$ 1,435,773	$ -	$ 1,435,773	$ -	$ -
Public safety	8,868,022	682,276	93,998	-	(8,091,748)	-	(8,091,748)	-	-
Public works	3,232,102	170,899	-	-	(3,061,203)	-	(3,061,203)	-	-
Health and welfare	766,099	19,248	-	-	(746,851)	-	(746,851)	-	-
Culture and recreation	925,470	386,356	-	-	(539,114)	-	(539,114)	-	-
Economic development	170,667	-	-	-	(170,667)	-	(170,667)	-	-
Judicial	1,095,989	387,694	-	-	(708,295)	-	(708,295)	-	-
Interest on long-term debt	334,471	-	-	10,932	(323,539)	-	(323,539)	-	-
Total governmental activities	21,792,231	5,464,807	93,998	4,027,782	(12,205,644)	-	(12,205,644)	-	-
Business-type activities:									
Solid Waste	1,373,973	1,407,571	-	-	-	33,598	33,598	-	-
Water	-	-	-	-	-	-	-	-	-
Sewer	-	100	-	-	-	100	100	-	-
Total business-type activities	1,373,973	1,407,671	-	-	-	33,698	33,698	-	-
Total primary government	$ 23,166,204	$ 6,872,478	$ 93,998	$ 4,027,782	(12,205,644)	33,698	(12,171,946)	-	-
Component units:									
Development Authority	$ 132,062	$ 135,937	$ 11,042	$ -				14,917	-
Health Department	520,513	151,656	405,642	-				-	36,785
Total component units	$ 652,575	$ 287,593	$ 416,684	$ -				14,917	36,785
General revenues:									
Property taxes					4,311,908	-	4,311,908	-	-
Sales taxes					2,067,741	-	2,067,741	-	-
Franchise taxes					78,843	-	78,843	-	-
Insurance premium tax					812,464	-	812,464	-	-
Hotel/motel taxes					272,794	-	272,794	-	-
Motor vehicle tax					458,255	-	458,255	-	-
Intangible tax					32,873	-	32,873	-	-
Alcoholic beverage taxes					223,373	-	223,373	-	-
Excise tax					266,090	-	266,090	-	-
Timber tax					27,197	-	27,197	-	-
Miscellaneous taxes					63,990	-	63,990	-	-
Payments in lieu of taxes					37,043	-	37,043	-	-
Interest - unrestricted					1,204	-	1,204	512	164
Total general revenues					8,653,775	-	8,653,775	512	164
Transfers					(25,205)	25,205	-	-	-
Change in net position					(3,577,074)	58,903	(3,518,171)	15,429	36,949
Net position, beginning of year					41,300,901	685,892	41,986,793	7,256,402	(362,075)
Net position, end of year					$ 37,723,827	$ 744,795	$ 38,468,622	$ 7,271,831	$ (325,126)

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

MCDUFFIE COUNTY, GEORGIA
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General	SPLOST VI	TSPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 5,806,447	$ 1,808,498	$ 1,250,416	$ 1,872,393	$ 10,737,754
Investments	502	-	-	556,724	557,226
Receivables					
Property taxes, net allowance	443,205	-	-	-	443,205
Sales tax	-	268,773	145,236	-	414,009
Other	744,349	-	-	74,928	819,277
Due from other funds	-	-	-	118,017	118,017
Intergovernmental receivables	-	-	-	4,778	4,778
Restricted cash and investments	79,364	-	-	-	79,364
Total assets	$ 7,073,867	$ 2,077,271	$ 1,395,652	$ 2,626,840	$ 13,173,630
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 519,128	$ 351	$ 29,395	$ 63,385	$ 612,259
Accrued liabilities	231,152	-	-	15,923	247,075
Due to others	25,376	-	-	-	25,376
Due to other funds	109,321	-	-	8,696	118,017
Total liabilities	884,977	351	29,395	88,004	1,002,727
Deferred inflows of resources					
Unavailable revenues - property taxes	543,838	-	-	-	543,838
Total deferred inflows	543,838	-	-	-	543,838
Fund Balances					
Restricted for:					
Capital projects	-	2,076,920	1,366,257	1,123,858	4,567,035
Special revenues	-	-	-	1,374,091	1,374,091
Debt	-	-	-	40,887	40,887
Unassigned	5,645,052	-	-	-	5,645,052
Total fund balances	5,645,052	2,076,920	1,366,257	2,538,836	11,627,065
Total liabilities, deferred inflows of resources and fund balances	$ 7,073,867	$ 2,077,271	$ 1,395,652	$ 2,626,840	$ 13,173,630

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, 2016

Total fund balances - governmental funds	$ 11,627,065
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	104,013
Land	3,595,233
Infrastructure	43,536,283
Buildings and improvements	39,934,671
Furniture, fixtures, and equipment	10,814,916
Accumulated depreciation	(56,951,165)
Total capital assets	41,033,951
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.	543,838
The net pension liability is not due and payable in the current period and, therefore, it and the related deferred outflows of resources and deferred inflows of resources are not reported in the funds.	(1,112,905)
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	(14,035,000)
Compensated absences	(333,122)
Total long-term liabilities	(14,368,122)
Net position of governmental activities	$ 37,723,827

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, 2016

	General	SPLOST VI	TSPLOST	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 8,838,781	$ 2,913,746	$ 775,533	$ 272,794	$ 12,800,854
Licenses and permits	170,769	-	-	-	170,769
Intergovernmental	112,463	-	141,375	411,622	665,460
Fines and forfeitures	387,694	-	-	49,912	437,606
Charges for services	3,234,330	-	-	418,551	3,652,881
Contributions and donations from private sources	93,998	-	-	-	93,998
Rentals	34,447	-	-	-	34,447
Other revenue	306,687	-	-	924	307,611
Culture and recreation	64,600	-	-	-	64,600
Interest	1,204	3,247	3,279	4,406	12,136
Total revenues	13,244,973	2,916,993	920,187	1,158,209	18,240,362
EXPENDITURES					
Current expenditures:					
General government	3,003,901	-	-	9,869	3,013,770
Public safety	5,509,234	-	-	687,450	6,196,684
Public works	1,241,630	-	-	-	1,241,630
Health and welfare	623,673	-	-	21	623,694
Culture and recreation	847,923	-	-	-	847,923
Judicial	1,072,004	-	-	23,985	1,095,989
Economic development	-	-	-	170,667	170,667
Intergovernmental	-	-	-	7,445	7,445
Other	523,631	366	-	1,898	525,895
Capital outlay:					
General government	75,026	-	-	8,914	83,940
Public safety	124,005	1,900,000	-	251,700	2,275,705
Health and welfare	7,950	-	104,252	-	112,202
Culture and recreation	9,000	-	-	-	9,000
Public works	-	147,651	594,578	469,663	1,211,892
Debt service:					
Principal	-	-	-	1,495,000	1,495,000
Interest	-	-	-	334,471	334,471
Total expenditures	13,037,977	2,048,017	698,830	3,461,083	19,245,907
Excess (deficiency) of revenues over expenditures	206,996	868,976	221,357	(2,302,874)	(1,005,545)
OTHER FINANCING SOURCES (USES)					
Transfer in	327,860	-	-	233,484	561,344
Transfer out	(488,141)	-	-	(98,408)	(586,549)
Total other financing sources (uses)	(160,281)	-	-	135,076	(25,205)
CHANGE IN FUND BALANCES	46,715	868,976	221,357	(2,167,798)	(1,030,750)
FUND BALANCES, BEGINNING OF YEAR	5,598,337	1,207,944	1,144,900	4,706,634	12,657,815
FUND BALANCES, END OF YEAR	$ 5,645,052	$ 2,076,920	$ 1,366,257	$ 2,538,836	$ 11,627,065

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

MCDUFFIE COUNTY, GEORGIA
RECONCILIATION 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, 2016

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - governmental funds	$ (1,030,750)
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	3,735,312
Depreciation expense	(2,235,173)
Net change in capital assets	1,500,139
In the statement of activities, the gain or loss on disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources.	
Cost of capital assets	(66,020)
Accumulated depreciation	41,487
Net book value	(24,533)
Contributions and distributions of capital assets change net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	
Capital assets transferred by others	153,348
Because some revenues 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.	648,522
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.	
Issuance of new debt	(5,585,000)
Repayment of debt	1,495,000
Net change in debt	(4,090,000)
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.	
Net pension liability	(568,065)
Compensated absences	(12,387)
	(580,452)
Change in net position of governmental activities	$ (3,577,074)

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

MCDUFFIE COUNTY, GEORGIA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	Total
ASSETS				
Current assets				
Cash	$ -	$ -	$ 278,090	$ 278,090
Accounts receivable	-	-	45,130	45,130
Total current assets	-	-	323,220	323,220
Noncurrent assets				
Capital assets, net of accumulated depreciation	189,144	-	594,873	784,017
Total noncurrent assets	189,144	-	594,873	784,017
Total assets	$ 189,144	$ -	$ 918,093	$ 1,107,237
LIABILITIES AND NET POSITION				
Liabilities				
Current liabilities				
Accounts payable	-	-	113,276	113,276
Accrued liabilities	-	-	3,948	3,948
Total current liabilities	-	-	117,224	117,224
Noncurrent liabilities				
Compensated absences	-	-	6,540	6,540
Closure and post closure costs payable	-	-	238,678	238,678
Total noncurrent liabilities	-	-	245,218	245,218
Total liabilities	-	-	362,442	362,442
Net Position				
Net investment in capital assets	189,144	-	594,873	784,017
Unrestricted	-	-	(39,222)	(39,222)
Total net position	189,144	-	555,651	744,795
Total liabilties and net position	$ 189,144	$ -	$ 918,093	$ 1,107,237

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, 2016

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Charges for services	$ -	$ 100	$ 1,407,571	$ 1,407,671
Total operating revenues	-	100	1,407,571	1,407,671
OPERATING EXPENSES				
Personnel services	-	-	152,022	152,022
Operations	-	-	1,192,033	1,192,033
Depreciation	-	-	29,918	29,918
Total operating expenses	-	-	1,373,973	1,373,973
Operating income	-	100	33,598	33,698
NON-OPERATING REVENUES (EXPENSES)				
Capital contributions - City of Thomson	-	-	-	-
Total non-operating revenues (expenses)	-	-	-	-
Income (loss) before capital contributions and transfers	-	100	33,598	33,698
Transfers in	-	-	25,205	25,205
Change in net position	-	100	58,803	58,903
NET POSITION, BEGINNING OF YEAR	189,144	(100)	496,848	685,892
NET POSITION, END OF YEAR	$ 189,144	$ -	$ 555,651	$ 744,795

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, 2016

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	$ -	$ -	$ 1,500,885	$ 1,500,885
Cash paid to suppliers and others	-	-	(1,219,287)	(1,219,287)
Cash paid to employees	-	-	(153,321)	(153,321)
Net cash provided by operating activities	-	-	128,277	128,277
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Construction of capital assets	-	-	(25,205)	(25,205)
Transfer from other funds	-	-	25,205	25,205
Net cash provided by provided by noncapital financing activities	-	-	-	-
Net increase (decrease) in cash	-	-	128,277	128,277
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-	149,813	149,813
CASH AND CASH EQUIVALENTS, END OF YEAR	$ -	$ -	$ 278,090	$ 278,090
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ -	$ 100	$ 33,598	$ 33,698
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:				
Depreciation	-	-	29,918	29,918
Change in accounts receivable	-	-	93,314	93,314
Change in accounts payable	-	(100)	(3,835)	(3,935)
Change in accrued postclosure	-	-	(26,017)	(26,017)
Change in accrued liabilities	-	-	303	303
Change in compensated absences	-	-	996	996
Total adjustments	-	(100)	94,679	94,579
Net cash provided by operating activities	$ -	$ -	$ 128,277	$ 128,277

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, 2016

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 648,934
Total assets	$ 648,934
LIABILITIES	
Due to others	$ 648,934
Total liabilities	$ 648,934

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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, 2016. 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 statements. 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

TSPLOST Fund – The TSPLOST Fund is used to account for the construction of transportation related projects funded by TPLOST.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, Debt Services 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. Increases or decreases 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.

The County's legally adopted budget is on the cash basis. The County adopted fiscal year 2016 budgets for the General Fund, Debt Services 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, 2016, the County reported no reserve for encumbrances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 County had outflow of resources related to net pension liability.

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 County 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 and resources related to net pension liability.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Fund balance reported in the governmental funds financial statements generally represents the difference between current assets and current liabilities. Fund balance classifications represent a hierarchy based primarily on the extent to which the County is bound to honor constraints on specific purposes for which amounts in those funds can be spent. These classifications may consist of the following:

a. **Nonspendable** - Fund balances are classified as nonspendable when amounts cannot be spent because they are either i) in nonspendable form or ii) they are legally contractually required to be maintained intact. The County includes items that are not expected to be converted to cash such as inventories and prepaid amounts.
b. **Restricted** - Fund balances are reported as restricted when their use is restricted for specific purposes including i) constraints on funds externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or ii) constraints imposed by law through constitutional provisions or enabling legislation.
c. **Committed** - Fund balances are reported as committed if their use is for a specific purpose as approved by formal action by the County Council (resolution). Amounts committed cannot be used for any other purpose unless Council removes or changes the specific use by approving such action through resolution at a Council meeting. Budget resolutions are considered a plan for specific use.
d. **Assigned** - Fund balances are reported as assigned when constrained by the County's intent to use the funds for specific purposes that are neither restricted nor committed. Assigned fund balances include i) all remaining amounts (except negative balances) reported in governmental funds, other than the General fund, that are not classified as nonspendable, restricted or committed, and ii) amounts in the General Fund intended for a specific use identified by either the County Manager or Finance Director, and iii) amounts appropriated to eliminate a projected budget deficit in the subsequent year.
e. **Unassigned** - Fund balances are reported as unassigned when the balances do not meet any of the above four criteria for classification. The County reports positive unassigned fund balance in only the General Fund. Negative unassigned fund balances may be reported in all governmental funds.

For purposes of fund balance disbursement, unless otherwise approved by the County Council, the County will expend restricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Next the County will expand committed fund balance when an expenditure is paid for which unrestricted fund balance is available. The County would next disburse fund balance assigned for purposes of the fund before disbursing other assigned fund balance amounts. In the General Fund, the County would disburse unassigned fund balance prior to disbursing fund balance assigned for financial policy reserve levels or amounts assigned to eliminate subsequent year's budget deficit.

Net position is classified in three components in the government-wide financial statements.

a. **Invested in capital assets, net of related debt** consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
b. **Restricted net position** consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
c. **Unrestricted net position** consists of all other net position that does not meet the definition of "restricted" or "invested in capital assets".

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 1, 2016, and were due November 15, 2016.

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.

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.

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

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, 2016, is summarized as follows:

Operating revenues	$	4,752,445
Depreciation and amortization expense		1,348,785
Operating income (loss)		69,190
Change in net position		7,425
Capital asset change		272,026
Net working capital		2,515,012
Total assets		40,214,398
Deferred outflows of resources		185,325
Revenue bonds and other long-term liabilities		10,668,355
Deferred inflows of resources		48,011
Total net position		28,896,764

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, 2016, the County is in compliance, in all material respects, with requirements under covenants relating to its bonds payable.

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.

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.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY- Continued

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, 2016, the County had the following investments:

Investments	Weighted Avg Maturities	Fair Value	Credit Rating
Primary Government:			
Various Certificates of Deposit	43 days	$ 557,226	AAAm
Total fair value		$ 557,226	

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 August 18, 2016, and were due November 15, 2016. 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 2016 tax levy follows:

		General Fund
2016 millage rate -	incorporated	8.50
	unincorporated	7.80
Net property tax levy		$ 4,501,817
Property tax receivable		$ 625,771
Allowance for doubtful account		(182,566)
Property tax receivable, net allowance		$ 443,205
Unearned property tax revenues		$ 543,838

NOTE 6 – CAPITAL ASSETS

Governmental capital assets activity for the year ended December 31, 2016, was as follows:

	Balance 1/1/2016	Transfers/ Additions	Deletions	Balance 12/31/2016
Capital assets not being depreciated				
Construction in process	$ 128,546	$ -	$ (24,533)	$ 104,013
Land	3,487,567	107,666	-	3,595,233
Total capital assets not being depreciated	3,616,113	107,666	(24,533)	3,699,246
Capital assets being depreciated				
Infrastructure	42,685,391	850,892	-	43,536,283
Buildings and improvements	37,369,179	2,565,492	-	39,934,671
Furniture, fixtures, and equipment	10,491,793	364,610	(41,487)	10,814,916
Total capital assets being depreciated	90,546,363	3,780,994	(41,487)	94,285,870
Less accumulated depreciation:				
Infrastructure	(37,021,041)	(690,584)	-	(37,711,625)
Buildings and improvements	(10,090,347)	(988,110)	-	(11,078,457)
Furniture, fixtures, and equipment	(7,646,091)	(556,479)	41,487	(8,161,083)
Less accumulated depreciation	(54,757,479)	(2,235,173)	41,487	(56,951,165)
Net capital assets being depreciated	35,788,884	1,545,821	-	37,334,705
Governmental activities capital assets - net	$ 39,404,997	$ 1,653,487	$ (24,533)	$ 41,033,951

Depreciation expense was charged to functions as follows:

General Government	$ 962,210
Public Safety	395,633
Highways and Streets	778,580
Health and Welfare	30,203
Culture and Recreation	68,547
	$ 2,235,173

NOTE 6 – CAPITAL ASSETS - Continued

Business-type capital assets activity for the year ended December 31, 2016, was as follows:

Water Fund:

	Balance 1/1/2016	Additions	Transfers/ Deletions	Balance 12/31/2016
Capital assets not being depreciated				
Construction in process	$ 189,144	$ -	$ -	$ 189,144
Total capital assets not being depreciated	189,144	-	-	189,144

Solid Waste Fund:

	Balance 1/1/2016	Additions	Transfers/ Deletions	Balance 12/31/2016
Capital assets not being depreciated				
Construction in process	$ 60,432	$ 5,204	$ -	$ 65,636
Land	312,891	-	-	312,891
Total capital assets not being depreciated	373,323	5,204	-	378,527
Capital assets being depreciated				
Buildings and improvements	212,237	-	-	212,237
Furniture, fixtures, and equipment	320,856	20,000	-	340,856
Total capital assets being depreciated	533,093	20,000	-	553,093
Less accumulated depreciation:				
Buildings and improvements	(114,465)	(5,306)	-	(119,771)
Furniture, fixtures, and equipment	(192,366)	(24,610)	-	(216,976)
Less accumulated depreciation	(306,831)	(29,916)	-	(336,747)
Net capital assets being depreciated	226,262	(9,916)	-	216,346
Business-type activities capital assets - net	$ 788,729	$ (4,712)	$ -	$ 784,017

Depreciation expense on capital assets of the Proprietary Funds was $29,916 for the year ended December 31, 2016.

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, 2016.

NOTE 6 – CAPITAL ASSETS – Continued

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

Development Authority	Balance 1/1/2016	Additions	Transfers/ Deletions	Balance 12/31/2016
Capital assets not being depreciated				
Land and land improvements	$ 3,825,464	$ -	$ -	$ 3,825,464
Property, plant and equipment				
Buildings and improvements	2,048,491	-	-	2,048,491
Equipment and furniture	57,001	-	-	57,001
Total property, plant and equipment	2,105,492	-	-	2,105,492
Less accumulated depreciation				
Buildings	(519,166)	(55,860)	-	(575,026)
Equipment and furniture	(47,459)	(6,361)	-	(53,820)
Total accumulated depreciation	(566,625)	(62,221)	-	(628,846)
Net capital assets being depreciated	1,538,867	(62,221)	-	1,476,646
Component unit capital assets - net	$ 5,364,331	$ (62,221)	$ -	$ 5,302,110

Depreciation expense on capital assets of the Development Authority was $62,221 for the year ended December 31, 2016.

At June 30, 2016, the Health Department's investment in capital assets totaled $15,348, all of which were fully depreciated. Schedule included in the Health Departments financial statements.

NOTE 7 – NOTES RECEIVABLE

At December 31, 2016, 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.	$ 132,289
Note receivable bearing interest at 2.50%, due in monthly installments of $5,656, including principal and interest, maturing in 2021.	582,320
Notes receivable bearing interest at the federal fund rate as adjusted every six months, loan facility will be for a term of 10 years.	240,597
Notes receivable bearing interest at the federal fund rate as adjusted every six months, loan facility will be for a term of 15 years.	167,163
	$ 1,122,369

NOTE 8 – LONG TERM DEBT

The following is a summary of the long-term liability transactions for the year ended December 31, 2016:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016	Due within One Year
Governmental Activities					
2008 Bonds payable	$ 9,945,000	$ -	$ (1,495,000)	$ 8,450,000	$ 1,555,000
2016 Bonds payable	-	5,585,000	-	5,585,000	130,000
Net pension liability	1,111,156	737,430	(169,365)	1,679,221	-
Accrued compensated absences	320,735	12,387	-	333,122	-
Total debt - governmental activities	$ 11,376,891	$ 6,334,817	$ (1,664,365)	$ 16,047,343	$ 1,685,000
Business-type Activities					
Accrued compensated absences	$ 5,544	$ 996	$ -	$ 6,540	$ -
Accrued closure and postclosure costs	264,695	-	(26,017)	238,678	-
Total debt - business-type activities	$ 270,239	$ 996	$ (26,017)	$ 245,218	$ -

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
2017	$ 1,555,000	$ 377,994	$ 1,932,994
2018	1,615,000	304,650	1,919,650
2019	1,685,000	224,169	1,909,169
2020	1,760,000	138,044	1,898,044
2021	1,835,000	47,022	1,882,022
Total	$ 8,450,000	$ 1,091,879	$ 9,541,879

In August, 2016, the County entered into a bond agreement for $5,585,000 bearing interest rates of 2.00% - 3.00% for the purpose to refund $5,280,000 of the County's General Obligation Bonds, Series 2008. Annual debt service requirements to maturity for these bonds are as follows:

For the year ending December 31,	Principal	Interest	Total Debt Service
2017	$ 130,000	$ 164,638	$ 294,638
2018	75,000	144,150	219,150
2019	1,760,000	117,000	1,877,000
2020	1,800,000	72,600	1,872,600
2021	1,820,000	27,300	1,847,300
Total	$ 5,585,000	$ 525,688	$ 6,110,688

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 7/1/2015	Additions	Deletions	Balance 6/30/2016	Due within One Year
Net pension liability	$ 475,353	$ 25,643	$ -	$ 500,996	$ -
Accrued compensated absences	26,715	22,738	(24,788)	24,665	-
Total debt	$ 502,068	$ 48,381	$ (24,788)	$ 525,661	$ -

Development Authority	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016	Due within One Year
Note payable	$ -	$ 291,160	$ -	$ 291,160	$ -

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 (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. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing Government Employees Benefits Corporation of Georgia, 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339

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.

Participant counts as of January 1, 2015, (the most recent actuarial valuation date) and covered compensation (based on covered earnings for the preceding year) are shown below:

Retirees and beneficiaries receiving benefits	46
Terminated Plan participants entitled to, but not yet receiving benefits	58
Active employees participating in the Plan	116
Total number of Plan participants	220
Covered compensation for active participants	$ 3,810,081

NOTE 9 – RETIREMENT PLAN- Continued

Contributions

The County is required to contribute an actuarially determined rate. Sections 47-20 of the Georgia Code sets forth the minimum funding standards for state and local governmental pension plans. Administrative expenses are based on the total covered compensation of active plan participants and are added to the state-required annual funding requirement. For 2016 the required contribution is $439,023.

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

Net Pension Liability

The County's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability as of December 31, 2015, valuation was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%	
Salary Increases	3.50%	per year with an age based scale
Investment rate of return	7.50%	per year

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females set back two years for males and set back three years for females.

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

Asset Class	Target Allocation	Range
Fixed income:	30%	25% - 35%
Domestic large equities	30%	25% - 35%
Domestic mid equities	5%	2.5% - 10%
Domestic small equities	5%	2.5% - 10%
REIT	5%	2.5% - 10%
International	15%	10% - 20%
Multi cap	5%	2.5% - 10%
Global allocation	5%	2.5% - 10%
TOTAL	100%	

*Rates shown are net of the 3.5% assumed rate of inflation

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

NOTE 9 – RETIREMENT PLAN – Continued

Change in the Net Pension Liability

	Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2014	$ 9,033,343	$ 7,922,187	$ 1,111,156
Changes for the year:			
Service cost	172,880	-	172,880
Interest	664,158	-	664,158
Liability experience (gain)/loss	(205,337)		(205,337)
Assumption change	286,820		286,820
Contribution-employer	-	422,092	(422,092)
Net investment income	-	54,318	(54,318)
Benefit payments	(355,819)	(355,819)	-
Administrative expense	-	(22,255)	22,255
Other changes	-	(103,699)	103,699
Net changes	562,702	(5,363)	568,065
Balance at December 31, 2015	$ 9,596,045	$ 7,916,824	$ 1,679,221

The following presents the County's net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
County's net pension liability	$ 2,940,307	$ 1,679,221	$ 620,404

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

For the year ended December 31, 2015, the County recognized pension expense of $475,310. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows/inflows of resources related to pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	737,430	(171,114)
Net difference between projected and actual earnings on pension plan investments	-	-
Total	$ 737,430	$ (171,114)

Amounts report as deferred outflows of resources and deferred inflows of resources related to pension will be amortized in pension expense as follows:

Deferred Outflows/(Inflows) Recognized in Future Years

2017	$ 118,967
2018	118,967
2019	118,967
2020	118,967
2021	118,967
Thereafter	(28,519)

NOTE 9 – RETIREMENT PLAN – Continued

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 Sheriffs 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

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 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).

NOTE 9 – RETIREMENT PLAN – Continued

At December 31, 2016, 17.0%, or 52, of the County's 306 employees, were participants in the deferred compensation plans.

The employees of the County contributed $74,761, respectively, to GEBCorp deferred compensation plan during the year ended December 31, 2016.

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 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, 2016, the County had recorded no liability for claims.

The change in the balances of the workers' compensation pool claims during fiscal year 2016 is as follows:

Unpaid claims, beginning of fiscal year	$ 303,671
Incurred claims	90,360
Claim payments	(50,294)
Unpaid claims, end of fiscal year	$ 343,737

NOTE 10 – RISK MANAGEMENT, LITIGATION, AND CONTINGENCIES – CONTINUED

General, property, and vehicle liabilities are provided for by commercial insurance coverage. Insurance bonding in amounts proportionate to employee exposure provides surety coverage. The County is liable for the $1,000 deductible. The change in the property and liability claims during the year 2016 is as follows:

Unpaid claims, beginning of fiscal year	$ 185,627
Incurred claims	9,344
Claim payments	(9,344)
Unpaid claims, end of fiscal year	$ 185,627

The County accounts for the financial operations of a self-insured employee group health program in the General Fund. Specific stop loss coverage for $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. On January 1, 2016, the County changed to a fully insured plan.

The change in the health insurance claims during year 2016 and 2015 are as follows:

	2016	2015
Unpaid claims, beginning of fiscal year	$ -	$ 51,128
Incurred claims	-	-
Claim payments	-	(51,128)
Unpaid claims, end of fiscal year	$ -	$ -

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, 2016 were as follows:

	Payable Fund		
Receivable Fund	General Fund	Drug Court	Total
Hotel/Motel	$ 109,321	$ -	$ 109,321
Drug Task Force	-	8,696	8,696
Total	$ 109,321	$ 8,696	$ 118,017

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	Non-major Govt Funds	Solid Waste Landfill	Total
General Fund	$ -	$ 488,141	$ -	$ 488,141
Non-major Govt Funds	327,860	-	25,205	353,065
Total	$ 327,860	$ 488,141	$ 25,205	$ 841,206

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:

Restricted 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.

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

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

The McDuffie County Health Department had a deficit in restricted net position totaling $325,126 as of June 30, 2016. The deficit will be funded through operations of the Department.

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 $238,678 as of December 31, 2016.

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 2016 totaled $26,017.

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 2016, approximately 61% of receipts were allocated for tourism. Transactions for the year ended December 31, 2016 were as follows:

Balance as of December 31, 2015	$ 83,614
Tax Collections during 2016	272,794
Reimbursement received during 2016	924
Disbursements for promotion of tourism	(167,070)
Transfer to General Fund	(73,203)
Balance as of December 31, 2016	$ 117,059

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, 2016, 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 RC in Georgia. The RC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RC. Separate financial statements may be obtained from:

Central Savannah River Area Regional Commission
3023 Riverwatch Parkway, Suite A
Augusta, Georgia 30907-2017

NOTE 16 – RELATED PARTY TRANSACTIONS

There were no material related party transactions during the year ended December 31, 2016.

NOTE 18 - SUBSEQUENT EVENTS

In preparing the financial statements, the County has evaluated events and transactions for potential recognition or disclosure through May 31, 2017. Management has not identified any items requiring recognition or disclosure.

NOTE 19- Constitutional Officers and Firefighters Pension Plans

The County's Constitutional Officers and some of their staff and firefighters belong to one of six pension's plans, listed below, established by the Georgia General Assembly for providing retirement benefits for these participants. These plans are cost sharing multiple employer defined benefit plans.

Name of Pension Plan	Plan Website
Employees Retirement System of Georgia - Tax Commissioner	ers.ga.gov
Judges of the Probate Courts Retirement Fund of Georgia	pjrf.georgia.gov
Sheriffs' Retirement Fund of Georgia	georgiasheriffs.org
Peace Officers' Annuity & Benefit Fund of Georgia	poab.georgia.gov
Georgia Firefighters' Pension Fund	gfpf.org
Georgia Judicial Retirement System	ers.ga.gov

Pension liabilities and pension expense with all plans above combined and summarized as follows:

McDuffie County's proportionate share of net pension liability	$ -
State of Georgia's proportionate share of net pension liability associated with McDuffie County	432,450
Total	$ 432,450
McDuffie recognized pension expense	$ (194,743)
McDuffie recognized revenue from State of Georgia support	$ (194,743)

These plans are considered special funding situations; and 100% of the collective net pension liabilities are allocated to the State of Georgia. The County does not contribute to any of these plans.

Pension plan descriptions, assumptions and related disclosures may be found in separately issued reports at June 30, 2015 for each of these plans, and are available at the websites listed above.

REQUIRED SUPPLEMENTARY 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, 2016

	Cash Basis			
	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Property tax	$ 3,703,850	$ 3,703,850	$ 3,583,302	$ (120,548)
Property tax penalties	80,000	80,000	62,819	(17,181)
Prior year property tax	600,000	600,000	573,807	(26,193)
Local option sales tax	2,260,000	2,260,000	1,948,004	(311,996)
LOST-TAVT	200,000	200,000	119,737	(80,263)
TAV - administration	35,000	35,000	36,728	1,728
SPLOST - TAVT	300,000	300,000	179,231	(120,769)
Alcohol beverage tax	250,000	250,000	223,373	(26,627)
Insurance premium tax	800,000	800,000	812,464	12,464
Excise tax	300,000	300,000	266,090	(33,910)
Franchise tax	100,000	100,000	78,843	(21,157)
Motor vehicle tax	195,000	195,000	162,686	(32,314)
AAVT tax	9,000	9,000	9,532	532
True up tax	165,000	243,788	243,788	-
Mobile home tax	60,000	60,000	52,004	(7,996)
Mobile home tax penalties	11,000	11,000	7,802	(3,198)
Timber tax	25,000	25,000	27,197	2,197
Light district	23,000	23,000	27,262	4,262
Railroad tax	5,000	5,000	6,533	1,533
Payments in lieu of tax	35,000	35,000	37,043	2,043
Commissions	260,000	260,000	270,502	10,502
FIFA	35,000	35,000	23,696	(11,304)
Motor vehicle late fee tax	35,000	35,000	42,249	7,249
BK lic tax	38,000	38,000	46,267	8,267
Equipment tax	5,000	5,000	-	(5,000)
Penalties and fines	40,000	40,000	32,174	(7,826)
Total taxes	9,569,850	9,648,638	8,873,133	(775,505)
Licenses and permits				
Beer and wine licenses	12,120	12,120	7,000	(5,120)
Alcohol licenses	28,000	28,000	18,300	(9,700)
Business licenses	100,000	100,000	42,428	(57,572)
Firearm licenses	6,500	6,500	7,405	905
Building permits and licenses	82,800	82,800	92,005	9,205
Total licenses and permits	229,420	229,420	167,138	(62,282)
Intergovernmental				
Reimbursements	1,296,788	1,427,844	1,374,944	(52,900)
Government center - City of Thomson	115,400	115,400	114,462	(938)
Home delivered meals	11,500	11,500	10,108	(1,392)
Grants	29,938	56,200	109,125	52,925
Tax assessor	3,000	3,000	1,896	(1,104)
Total intergovernmental	1,456,626	1,613,944	1,610,535	(3,409)
Charges for services				
Recreation fees	80,900	80,900	86,226	5,326
Campground rentals	35,000	52,800	63,592	10,792
Senior citizens fees	9,100	9,100	13,518	4,418
Rent	156,418	156,418	142,088	(14,330)
Animal shelter	4,100	4,100	8,837	4,737
Sheriff	485,860	492,360	500,545	8,185
Sheriff administration	121,345	239,845	96,397	(143,448)
Transportation	9,000	9,000	12,395	3,395
Public works	2,650	2,650	2,059	(591)
EMS	1,228,563	1,473,917	1,464,446	(9,471)
Vending machine	500	500	236	(264)
Fire fees	12,720	17,720	24,803	7,083
Total charges for services	2,146,156	2,539,310	2,415,142	(124,168)

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, 2016

	Cash Basis			
	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES - Continued				
Fines and forfeitures				
Superior court fines and fees	$ 259,000	$ 269,000	$ 222,282	$ (46,718)
Probate court fines and fees	249,010	249,010	249,200	190
Magistrate court fines and fees	66,500	66,500	75,144	8,644
Total fines and forfeitures	574,510	584,510	546,626	(37,884)
Other				
Flood control	400	400	1,757	1,357
Interest	1,175	1,175	1,204	29
Surplus sales	10,000	10,000	7,400	(2,600)
Election qual	7,200	7,200	10,809	3,609
Safety/Wellness	1,500	1,500	-	(1,500)
Bad check	100	100	130	30
YMCA	14,320	14,320	-	(14,320)
Employee relations	30,000	30,000	9,197	(20,803)
Scrap	1,000	1,000	-	(1,000)
Rockhouse	-	13,000	13,000	-
Miscellaneous	5,000	5,000	7,491	2,491
Total other	70,695	83,695	50,988	(32,707)
Total revenues	14,047,257	14,699,517	13,663,562	(1,035,955)
EXPENDITURES				
General government				
Governing body	223,159	245,805	245,061	(744)
County manager	170,723	184,944	184,895	(49)
Elections office	202,537	236,428	205,584	(30,844)
Administration	1,582,534	1,369,457	1,268,953	(100,504)
Government center complex	103,033	103,033	99,773	(3,260)
Finance	262,066	269,840	248,388	(21,452)
Technical support	315,433	320,440	314,223	(6,217)
Tax commissioner	336,378	343,510	323,988	(19,522)
Tax assessor	489,046	500,382	406,255	(94,127)
Board of equalization	4,497	4,497	4,160	(337)
General government buildings	219,467	221,562	217,663	(3,899)
Superior court	140,904	140,904	106,680	(34,224)
Clerk of superior court	346,184	352,060	342,579	(9,481)
District attorney	77,206	81,431	78,506	(2,925)
Child support	7,000	7,500	7,425	(75)
Magistrate court	138,545	167,413	157,201	(10,212)
Probate court	172,189	179,888	178,343	(1,545)
Juvenile court	121,423	121,423	105,756	(15,667)
Public defender	88,376	90,789	90,530	(259)
Planning and zoning	235,478	241,936	208,200	(33,736)
Total general government	5,236,178	5,183,242	4,794,163	(389,079)

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, 2016

	Cash Basis			
	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES - Continued				
Public safety				
Sheriff	$ 3,278,662	$ 3,398,193	$ 2,977,311	$ (420,882)
Sheriff administrative	121,345	246,345	209,586	(36,759)
Fire	1,979,584	2,337,935	2,328,303	(9,632)
Emergency management	60,919	60,919	56,086	(4,833)
Coroner	36,690	36,725	32,400	(4,325)
Total public safety	5,477,200	6,080,117	5,603,686	(476,431)
Highways and streets				
Vehicle and equipment maintenance	209,433	216,001	196,149	(19,852)
Public works	1,166,532	1,193,365	977,686	(215,679)
Total highways and streets	1,375,965	1,409,366	1,173,835	(235,531)
Health and welfare				
Family and children services	32,200	37,500	31,398	(6,102)
Health department	122,100	122,100	111,264	(10,836)
Rural transportation	195,745	204,750	201,751	(2,999)
Senior citizens	162,845	166,762	159,500	(7,262)
Soil & waste conservation	500	500	350	(150)
Home delivered meals	99,569	101,136	75,858	(25,278)
Total health and welfare	612,959	632,748	580,121	(52,627)
Culture and recreation				
Library	88,278	88,278	88,278	-
Boys and Girls Club	3,500	4,550	4,353	(197)
Rockhouse	-	16,700	14,864	(1,836)
Raysville campground	20,000	37,800	34,145	(3,655)
Recreation	729,623	742,825	705,760	(37,065)
Development Authority	102,147	104,091	92,200	(11,891)
Total culture and recreation	943,548	994,244	939,600	(54,644)
Other				
Cooperative extension service	80,396	81,702	73,054	(8,648)
Airport	85,300	85,300	74,246	(11,054)
Forestry	9,014	9,014	9,014	-
Human development	120,169	89,463	85,241	(4,222)
Employee relations	30,000	30,000	3,075	(26,925)
Recycling center	71,364	71,364	67,349	(4,015)
Grants	29,938	56,200	53,926	(2,274)
Animal shelter	89,244	90,775	61,968	(28,807)
Total other	515,425	513,818	427,873	(85,945)
Total Expenditures	14,161,275	14,813,535	13,519,278	(1,294,257)
Other financing sources				
Transfer in	114,018	114,018	73,203	(40,815)
Net change in fund balance	$ -	$ -	$ 217,487	$ 217,487

MCDUFFIE COUNTY, GEORGIA
RICQUIRED SUPPLEMBNTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY-
ACCG PENSION PLAN FOR MCDUFFIE COUNTY EMPLOYEES
FOR THE YEAR ENDED DECEMBER 31, 2016

For the Year Ended December 30,	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net pension liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 1,111,156	$ 1,679,221
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 4,008,169	$ 3,810,081
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	27.70%	27.70%
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	87.70%	82.50%

MCDUFFIE COUNTY, GEORGIA
RICQUIRED SUPPLEMBNTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS-
ACCG PENSION PLAN FOR MCDUFFIE COUNTY EMPLOYEES
FOR THE YEAR ENDED DECEMBER 31, 2016

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 422,092	$ 432,435
Contribution in Relation to the Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	422,092	432,435
Contributions Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 4,008,169	$ 3,810,081
Contribution as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.53%	11.35%

MCDUFFIE COUNTY, GEORGIA
RICQUIRED SUPPLEMBNTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2016 (JUNE 30, 2015 MEASUREMENT DATE)

	Employees Retirement System of Georgia - Tax Commissioner	Georgia Judicial Retirement System	Peace Officers' Annuity & Benefit Fund of Georgia	Judges of the Probate Courts Retirement Fund of Georgia	Sheriffs' Retirement Fund of Georgia	Georgia Firefighters' Pension Fund
McDuffie County's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
McDuffie County's proportionate share of net pension liability	$ -	$ -	$ -	$ -	$ -	$ -
State of Georgia's proportionate share of net pension liability associated with McDuffie	355,753	(60,191)	6,615	(113,897)	138,671	105,499
Total	355,753	(60,191)	6,615	(113,897)	138,671	105,499
McDuffie County's covered-empoyee payroll	$ 67,034	$ 54,092	$ 1,278,324	$ 61,949	$ 85,420	$ 726,681
MdDuffie County's proportionate share of net pension liability as percentage of its covered-employee payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Plan fiduciary net position as a percentage of the total pension liability	76.20%	113.38%	98.28%	128.56%	80.25%	83.06%

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 – 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.

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.

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.

Special Purpose Local Option Sales Tax V 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 2009-2013.

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

LMIG Fund – to account for the construction of transportation related projects funded by the LMIG.

CDBG Fund – to account for the construction related to projects funded by the CDBG grant.

DEBT SERVCE FUND

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

MCDUFFIE COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	Special Revenue Funds										Capital Projects Funds					Debt Service Fund	
	Jail	Law Library	Juvenile Probation	Drug Task Force	Drug Court	Hotel/ Motel Tax	Wireless Emergency Telephone System	Landfill Surcharge	Drug Forfeiture	Emergency Telephone System	LMIG	SPLOST IV	SPLOST V	CDBG	Bond Fund	Debt Service	Total Nonmajor Governmental Funds
Assets																	
Assets																	
Cash	$ 216,892	$ 32,312	$ 48,925	$ 253,913	$ 3,495	$ -	$ 214,700	$ 139,417	$ 280,430	$ 69,708	$ 177	$ 404,353	$ 25,470	$ 100	$ 40,987	$ 141,514	$ 1,872,393
Investments	-	-	-	-	-	-	-	-	-	-	-	-	556,724	-	-	-	556,724
Due from other funds	-	-	-	8,696	-	109,321	-	-	-	-	-	-	-	-	-	-	118,017
Other receivables	-	-	-	-	-	13,419	-	-	493	61,016	-	-	-	-	-	-	74,928
Intergovernmental receivables	2,685	-	-	2,093	-	-	-	-	-	-	-	-	-	-	-	-	4,778
Total Assets	$ 219,577	$ 32,312	$ 48,925	$ 264,702	$ 3,495	$ 122,740	$ 214,700	$ 139,417	$ 280,923	$ 130,724	$ 177	$ 404,353	$ 582,194	$ 100	$ 40,987	$ 141,514	$ 2,626,840
Liabilities and Fund Balances																	
Liabilities																	
Accounts payable	$ -	$ -	$ -	$ -	$ 6,548	$ 4,301	$ -	$ -	$ -	$ 47,956	$ 100	$ 293	$ 3,987	$ 100	$ 100	$ -	$ 63,385
Accrued liabilities	-	-	-	-	-	1,380	-	-	-	14,543	-	-	-	-	-	-	15,923
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	8,696	-	-	-	-	-	-	-	-	-	-	-	8,696
Total Liabilities	-	-	-	-	15,244	5,681	-	-	-	62,499	100	293	3,987	100	100	-	88,004
Fund balances																	
Capital Projects	-	-	-	-	-	-	-	-	-	-	77	404,060	578,207	-	40,887	-	1,023,231
Special Revenues	219,577	32,312	48,925	264,702	(11,749)	117,059	214,700	139,417	280,923	68,225	-	-	-	-	-	-	1,374,091
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	141,514	141,514
Total Fund Balances	219,577	32,312	48,925	264,702	(11,749)	117,059	214,700	139,417	280,923	68,225	77	404,060	578,207	-	40,887	141,514	2,538,836
Total Liabilities and Fund Balances	$ 219,577	$ 32,312	$ 48,925	$ 264,702	$ 3,495	$ 122,740	$ 214,700	$ 139,417	$ 280,923	$ 130,724	$ 177	$ 404,353	$ 582,194	$ 100	$ 40,987	$ 141,514	$ 2,626,840

MCDUFFIE COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds										Capital Projects Funds					Debt Service Fund	
	Jail	Law Library	Juvenile Probation	Drug Task Force	Drug Court	Hotel/ Motel Tax	Wireless Emergency Telephone System	Landfill Surcharge	Drug Forfeiture	Emergency Telephone System	LMIG	SPLOST IV	SPLOST V	CDBG	Bond Fund	Debt Severice	Total Nonmajor Governmental Funds
Revenues																	
Fees for services	$ -	$ -	$ 1,128	$ -	$ -	$ -	$ -	$ 35,378	$ -	$ 382,045	$ -	$ -	$ -	$ -	$ -	$ -	$ 418,551
Fines and forfeitures	25,601	9,457	-	14,854	-	-	-	-	-	-	-	-	-	-	-	-	49,912
Intergovernmental	21,619	-	-	13,360	49,072	-	-	-	-	-	327,571	-	-	-	-	-	411,622
Interest income	-	21	-	-	-	-	-	-	-	-	-	-	2,302	-	112	1,971	4,406
Other	-	-	-	-	-	924	-	-	-	-	-	-	-	-	-	-	924
Taxes	-	-	-	-	-	272,794	-	-	-	-	-	-	-	-	-	-	272,794
Total Revenues	47,220	9,478	1,128	28,214	49,072	273,718	-	35,378	-	382,045	327,571	-	2,302	-	112	1,971	1,158,209
Expenditures																	
Current																	
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	7,445	-	-	-	7,445
General government	-	-	-	8,814	-	-	-	-	-	-	1,055	-	-	-	-	-	9,869
Public safety	11,635	-	2,062	-	57,019	-	-	-	-	616,734	-	-	-	-	-	-	687,450
Public works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	595	-	-	-	293	312	-	698	-	1,898
Health and welfare	-	-	-	-	-	-	-	-	21	-	-	-	-	-	-	-	21
Economic development	-	-	-	-	-	167,070	-	-	-	-	-	3,597	-	-	-	-	170,667
Judicial	-	23,985	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,985
Capital outlay																-	
General government	-	-	-	-	-	-	-	-	8,914	-	-	-	-	-	-	-	8,914
Public works			-	-	-	-	-	-	-	-	324,303	-	145,360	-	-	-	469,663
Public safety	237,486	-	-	-	-	-	4,950	-	-	-	-	-	9,264	-	-	-	251,700
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service																	
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,495,000	1,495,000
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	334,471	334,471
Total Expenditures	249,121	23,985	2,062	8,814	57,019	167,070	4,950	595	8,935	616,734	325,358	3,890	162,381	-	698	1,829,471	3,461,083
Excess (deficiency) of revenues over expenditures	(201,901)	(14,507)	(934)	19,400	(7,947)	106,648	(4,950)	34,783	(8,935)	(234,689)	2,213	(3,890)	(160,079)	-	(586)	(1,827,500)	(2,302,874)
Transfers in (out)	-	-	-	-	-	(73,203)	-	(25,205)	4,861	228,623	-	-	-	-	-	-	135,076
Net Change	(201,901)	(14,507)	(934)	19,400	(7,947)	33,445	(4,950)	9,578	(4,074)	(6,066)	2,213	(3,890)	(160,079)	-	(586)	(1,827,500)	(2,167,798)
FUND BALANCES, BEGINNING OF YEAR	421,478	46,819	49,859	245,302	(3,802)	83,614	219,650	129,839	284,997	74,291	(2,136)	407,950	738,286	-	41,473	1,969,014	4,706,634
FUND BALANCES, END OF YEAR	$ 219,577	$ 32,312	$ 48,925	$ 264,702	$ (11,749)	$ 117,059	$ 214,700	$ 139,417	$ 280,923	$ 68,225	$ 77	$ 404,060	$ 578,207	$ -	$ 40,887	$ 141,514	$ 2,538,836

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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 47,600	$ 47,600	$ 47,501	$ (99)
Prior year	83,400	203,400	-	(203,400)
Total Revenues	131,000	251,000	47,501	(203,499)
Expenditures				
Public safety	79,000	79,000	12,257	(66,743)
Capital outlay	52,000	172,000	237,486	65,486
Total Expenditures	131,000	251,000	249,743	(1,257)
Net Change in Fund Balance	$ -	$ -	(202,242)	$ (202,242)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			341	
Fund Balance, beginning of year			421,478	
Fund Balance, end of year			$ 219,577	

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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 10,000	$ 10,700	$ 9,457	$ (1,243)
Interest income	35	35	21	(14)
Other	-	-	-	-
Prior year	13,257	13,257	-	(13,257)
Total Revenues	23,292	23,992	9,478	(14,514)
Expenditures				
General government	23,292	23,992	23,985	(7)
Total Expenditures	23,292	23,992	23,985	(7)
Net Change in Fund Balance	$ -	$ -	(14,507)	$ (14,507)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			-	
Fund Balance, beginning of year			46,819	
Fund Balance, end of year			$ 32,312	

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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fees for services	$ 3,000	$ 3,000	$ 1,128	$ (1,872)
Total Revenues	3,000	3,000	1,128	(1,872)
Expenditures				
Public safety	3,000	3,000	2,065	(935)
Total Expenditures	3,000	3,000	2,065	(935)
Net Change in Fund Balance	$ -	$ -	(937)	$ (937)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			3	
Fund Balance, beginning of year			49,859	
Fund Balance, end of year			$ 48,925	

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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 36,000	$ 36,000	$ 28,042	$ (7,958)
Other	-	-	-	-
Prior year	30,000	30,000	-	(30,000)
Total Revenues	66,000	66,000	28,042	(37,958)
Expenditures				
Capital outlay	17,000	17,000	-	(17,000)
Public safety	49,000	49,000	8,814	(40,186)
Total Expenditures	66,000	66,000	8,814	(57,186)
Net Change in Fund Balance	$ -	$ -	19,228	$ 19,228
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			172	
Fund Balance, beginning of year			245,302	
Fund Balance, end of year			$ 264,702	

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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Taxes	$ 250,000	$ 250,000	$ 274,955	$ 24,955
Other	-	1,000	924	(76)
Total Revenues	250,000	251,000	275,879	24,879
Expenditures				
General government	177,149	178,149	166,347	(11,802)
Total Expenditures	177,149	178,149	166,347	(11,802)
Other Financing Sources				
Transfers	(72,851)	(72,851)	(73,203)	(352)
Net Change in Fund Balance	$ -	$ -	36,329	$ 36,329
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			(2,884)	
Fund Balance, beginning of year			83,614	
Fund Balance, end of year			$ 117,059	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
EMERGENCY TELEPHONE SYSTEM FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fees for services	$ 345,000	$ 345,000	$ 381,035	$ 36,035
Intergovernmental	533,976	533,976	483,280	(50,696)
Total Revenues	878,976	878,976	864,315	(14,661)
Expenditures				
Public safety	878,976	878,976	864,315	(14,661)
Total Expenditures	878,976	878,976	864,315	(14,661)
Net Change in Fund Balance	$ -	$ -	-	$ -
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			(6,066)	
Fund Balance, beginning of year			74,291	
Fund Balance, end of year			$ 68,225	

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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fees for services	$ 38,500	$ 38,500	$ 35,378	$ (3,122)
Total Revenues	38,500	38,500	35,378	(3,122)
Expenditures				
Capital outlay	38,500	38,500	5,800	(32,700)
Total Expenditures	38,500	38,500	5,800	(32,700)
Other Financing Sources				
Transfers	-	-	(20,000)	(20,000)
Net Change in Fund Balance	-	-	9,578	9,578
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			-	
Fund Balance, beginning of year			129,839	
Fund Balance, end of year			$ 139,417	

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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Prior year	$ 34,300	$ 34,300	$ -	$ (34,300)
Total Revenues	34,300	34,300	-	(34,300)
Expenditures				
Capital outlay	34,300	34,300	4,950	(29,350)
Total Expenditures	34,300	34,300	4,950	(29,350)
Net Change in Fund Balance	$ -	$ -	(4,950)	$ (4,950)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			-	
Fund Balance, beginning of year			219,650	
Fund Balance, end of year			$ 214,700	

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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Federal	$ 12,000	$ 12,000	$ -	$ (12,000)
State	2,000	2,000	4,368	2,368
Prior year	64,700	64,700	-	(64,700)
Total Revenues	78,700	78,700	4,368	(74,332)
Expenditures				
Public safety	78,700	78,700	8,935	(69,765)
Total Expenditures	78,700	78,700	8,935	(69,765)
Net Change in Fund Balance	$ -	$ -	(4,567)	$ (4,567)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			493	
Fund Balance, beginning of year			284,997	
Fund Balance, end of year			$ 280,923	

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, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Intergovernmental	$ 330,000	$ 330,000	$ 327,571	$ (2,429)
Total Revenues	330,000	330,000	327,571	(2,429)
Expenditures				
Public works	330,000	330,000	327,571	(2,429)
Total Expenditures	330,000	330,000	327,571	(2,429)
Net Change in Fund Balance	$ -	$ -	-	$ -
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			2,213	
Fund Balance, beginning of year			(2,136)	
Fund Balance, end of year			$ 77	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
DRUG COURT
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 108,005	$ 108,005	$ 48,072	$ (59,933)
Other	1,000	1,000	1,000	-
Prior year	-	-	-	-
Total Revenues	109,005	109,005	49,072	(59,933)
Expenditures				
Capital outlay	-	-	-	-
Public safety	109,005	109,005	50,471	(58,534)
Total Expenditures	109,005	109,005	50,471	(58,534)
Net Change in Fund Balance	$ -	$ -	(1,399)	$ (1,399)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			(6,548)	
Fund Balance, beginning of year			(3,802)	
Fund Balance, end of year			$ (11,749)	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
BOND FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Interest	50	50	113	63
Prior year	40,000	40,000	-	(40,000)
Bond procedes	-	-	-	-
Total Revenues	40,050	40,050	113	(39,937)
Expenditures				
Public works	40,050	40,050	699	(39,351)
Total Expenditures	40,050	40,050	699	(39,351)
Net Change in Fund Balance	$ -	$ -	(586)	$ (586)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			-	
Fund Balance, beginning of year			41,473	
Fund Balance, end of year			$ 40,887	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
DEBT SEVERICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Interest	$ 3,000	$ 3,000	$ 1,971	$ (1,029)
Prior year	-	-	-	-
Total Revenues	3,000	3,000	1,971	(1,029)
Expenditures				
General government	1,954,825	1,954,825	1,829,471	(125,354)
Total Expenditures	1,954,825	1,954,825	1,829,471	(125,354)
Other Financing Sources				
Transfers	1,951,825	1,951,825	-	(1,951,825)
Net Change in Fund Balance	$ -	$ -	(1,827,500)	$ (1,827,500)
Fund Balance, beginning of year			1,969,014	
Fund Balance, end of year			$ 141,514	

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, 2016

	Agency Funds					
	Clerk of Court	Probate Court	Sheriff	Tax Commissioner	Magistrate Court	Total
Assets						
Assets						
Cash	$ 215,823	$ 29,087	$ 126,536	$ 252,437	$ 25,051	$ 648,934
Total Assets	$ 215,823	$ 29,087	$ 126,536	$ 252,437	$ 25,051	$ 648,934
Liabilities						
Liabilities						
Due to others	$ 215,823	$ 29,087	$ 126,536	$ 252,437	$ 25,051	$ 648,934
Total Liabilities	$ 215,823	$ 29,087	$ 126,536	$ 252,437	$ 25,051	$ 648,934

MCDUFFIE COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Agency Funds					
	Clerk of Court	Probate Court	Sheriff	Tax Commissioner	Magistrate Court	Total
Assets						
Cash						
Balance at beginning of year	$ 389,252	$ 30,210	$ 106,306	$ 290,456	$ 20,784	$ 837,008
Additions	574,238	439,132	604,607	19,661,802	216,660	21,496,439
Deletions	747,667	440,255	584,377	19,699,821	212,393	21,684,513
Balance at end of year	215,823	29,087	126,536	252,437	25,051	648,934
Total Assets	$ 215,823	$ 29,087	$ 126,536	$ 252,437	$ 25,051	$ 648,934
Liabilities						
Due to others						
Balance at beginning of year	$ 389,252	$ 30,210	$ 106,306	$ 290,456	$ 20,784	$ 837,008
Additions	574,238	439,132	604,607	19,661,802	216,660	21,496,439
Deletions	747,667	440,255	584,377	19,699,821	212,393	21,684,513
Balance at end of year	215,823	29,087	126,536	252,437	25,051	648,934
Total Liabilities	$ 215,823	$ 29,087	$ 126,536	$ 252,437	$ 25,051	$ 648,934

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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*

To the 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 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, 2016, 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 31, 2017. Our report includes a reference to other auditors who audited the financial statements of McDuffie County Health Department, as described in our report on the McDuffie County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 the McDuffie County, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2016-001

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. 2016-002 and 2016-003.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

McDuffie County, Georgia's Response to Findings

McDuffie County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. McDuffie County, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

Augusta, Georgia
May 31, 2017

McDUFFIE COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2016

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Awards

There was not an audit of major federal award programs as of December 31, 2016 due to the total amount expended being less than $750,000.

McDUFFIE COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2016

SECTION II

Finding 2016-001 - MATERIAL WEAKNESS
BANK RECONCILIATION TO THE GENERAL LEDGER

Criteria:	The Tax Commissioner's Office should reconcile check register to the bank statement reconciliation and general ledger on a monthly basis.
Condition:	The Tax Commissioner's Office did not correctly reconcile check register to the bank statement reconciliation and general ledger on a monthly basis.
Cause:	Management has not adopted a policy and procedure to reconcile the check register, bank statement reconciliation and general ledger on a monthly basis and make adjustments in a timely manner.
Effect:	The Office's check register, bank reconciliation and general ledger did not agree at the end of each month and corrections are not made in a timely manner.
Recommendation:	To improve internal control and operating efficiency, management should implement written policies and procedures for handling the month end process.

McDuffie County, GA's Response:

Management will assist the newly elected Tax Commissioner with establishing policies and procedures.

Finding 2016-002 – SIGNIFICANT DEFICIENCY
SEGREGATION OF DUTIES

Criteria:	The Tax Commissioner's Office should have adequate segregation of duties.
Condition:	The Tax Commissioner's Office does not have adequate segregation of duties.
Cause:	The Office has a limited number of staff available to properly segregate duties.
Effect:	The Office is accepting additional risk of loss due to natural disaster, misappropriation and abuse of funds.
Recommendation:	To improve internal control and operating efficiency, management should adopt policies and procedures to adequately segregate duties. Where segregation of duties is not efficient, management should implement additional oversight to mitigate the risk of inadequate separation of duties.

McDuffie County, GA's Response:

Management will assist the newly elected Tax Commissioner with establishing policies and procedures.

Finding 2016-003 – SIGNIFICANT DEFICIENCY
POLICIES AND PROCEDURES

Criteria:	The Tax Commissioner's Office should have written policies and procedures for handling all financial transactions.
Condition:	The Tax Commissioner's Office does not have written policies and procedures for handling all financial transactions.
Cause:	No written policies and procedures have been adopted by the Office.
Effect:	Employees may not be aware of their assigned duties.
Recommendation:	To improve internal control and operating efficiency, management should implement written policies and procedures for handling financial transactions in the Office.

McDuffie County, GA's Response:

Management will assist the newly elected Tax Commissioner with establishing policies and procedures.

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2004-2008
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Purpose (in funding sequence)	Estimated Cost	Revised Cost	Prior Years	Current Year	Total	Estimated 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	1,365,907	3,597	1,369,504	80%
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	633,380	-	633,380	82%
Airport	-	8,240	10,443	-	10,443	127%
Road Construction and Improvements	2,721,482	2,795,178	2,707,271	-	2,707,271	97%
Recreation	2,500,000	2,453,644	2,512,123	-	2,512,123	102%
Technology	50,000	-	-	-	-	-
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%
Fire station #6	-	-	-	-	-	
Brush trucks (2)	-	61,340	61,340	-	61,340	100%
Rescue truck	61,340	-	-	-	-	
Information technology	50,000	-	-	-	-	
Gear	520	47,810	59,938		59,938	125%
Government Complex	1,600,000	2,514,038	2,524,871	-	2,524,871	100%
Government complex	100,000	101,552	97,255	-	97,255	96%
Senior Citizens Center						
Senior Citizens center	-	23,397	23,685	-	23,685	101%
Department Family & Children Services						
Improvements	-	3,999	3,999	-	3,999	100%
Advertising costs	-	-	-	293	293	
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	$ 17,959,633	$ 3,890	$ 17,963,523	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2009-2014
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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	$ 630,000	$ 624,385	$ -	$ 624,385	99%
City fire engine	300,000	283,997	283,997	-	283,997	100%
Citys Station #2 improvements	100,000	50,000	-	-	-	0%
Skate park	300,000	198,554	198,554	-	198,554	100%
Walking track	25,000	23,523	23,523	-	23,523	100%
Water/Sewer						
Water line replacement	120,000	98,918	98,917	-	98,917	100%
Sewer plant improvement	1,000,000	1,000,468	1,022,409	-	1,022,409	102%
Usry pond improvement	750,000	-	-	-	-	0%
Augusta road plant project	1,250,000	255,481	224,739	-	224,739	88%
Raising usry pond dam	690,000	-	-	-	-	0%
Big creek		34,590	34,590	-	34,590	100%
De-watering project		988,276	988,278	-	988,278	100%
Development Authority						
Land development	250,000	75,000	25,300	-	25,300	34%
Land acquisition	250,000	75,000	-	-	-	0%
Thomson company redevelopment	250,000	150,000	118,985	7,445	126,430	84%
Infrastructure	150,000	240,000	221,127	-	221,127	92%
Information technology	50,000	50,000	42,962	-	42,962	86%
Landscaping/signage	50,000	10,000	-	-	-	0%

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2009-2014
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

McDuffie County						
Government Center Complex						
Government center	$ 11,510,428	$ 12,229,377	$ 10,189,507	$ -	$ 10,189,507	83%
Roads & Streets						
County road resurfacing	1,800,000	1,620,000	1,375,597	145,360	1,520,957	94%
Airport						
Runway overlay	200,000	160,000	169,269	-	169,269	106%
Recreation						
Restrooms @ Sweetwater Park football	75,000	71,712	71,712	-	71,712	100%
Bleachers for gym @ Sweetwater Park	57,000	42,594	42,594	-	42,594	100%
Outdoor bleachers cover for shade	75,000		-	-	-	0%
Walking track improvements @ Sweetwater	60,000	14,709	14,709	-	14,709	100%
Recreation other	690,000	150,673	50,597	-	50,597	34%
Land acquisition for City parks	108,000	91,081	91,200	-	91,200	100%
Information Technology						
New computer applications & improvements	500,000	500,000	500,000	-	500,000	100%
Public Safety						
EMS, 2 ambulances	225,000	225,000	225,000	-	225,000	100%
County fire engine	300,000	291,621	291,621	-	291,621	100%
County brush truck	100,000	105,452	100,673	-	100,673	95%
County fire service truck	150,000	59,809	64,588	-	64,588	108%
County station #4	150,000	176,622	30,333	9,264	39,597	22%
Advertising costs				312	312	
McDuffie County Hospital						
New inpatient unit (partial for debt service)	3,000,000	500,000	500,000	-	500,000	100%
Town of Dearing						
City Hall playground area	-	78,816	78,816	-	78,816	100%
Bill Eubanks improvement	150,000	5,913	5,913	-	5,913	100%
Totals	$ 25,385,428	$ 20,487,186	$ 17,709,895	$ 162,381	$ 17,872,276	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2015-2019
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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 HVAC, lighting, plumbing	$ 96,000	$ 96,000	$ -	$ -	$ -	0%
City shop improvements	150,000	150,000	-	-	-	0%
City fire protection equipment	400,000	400,000	-	-	-	0%
Capital equipment - City	140,000	140,000	-	-	-	0%
Grant match for storm water improvements	75,000	75,000	-	-	-	0%
City street improvements/equipment	715,040	715,040	-	-	-	0%
Fire station facilities improvements	350,000	350,000	-	-	-	0%
Water/Sewer						
Capital equipment, water and sewer distribution	80,000	80,000	-	-	-	0%
Sewer main improvements and grant match	250,000	250,000	-	147,651	147,651	59%
Vacuum truck for clearing	150,000	150,000	-	-	-	0%
Sewer plant improvements						0%
Sludge dewatering	750,000	750,000	-	-	-	0%
Headworks improvements	350,000	350,000	-	-	-	0%
Generator	75,000	75,000	-	-	-	0%
DEVELOPMENT AUTHORITY						
Industrial capital improvements	500,000	500,000	-	-	-	0%
Rock house improvements	450,000	450,000	-	-	-	0%
						0%
MCDUFFIE COUNTY						0%
Airport						
Airport infrastructure improvements and grant match	150,000	150,000	-	-	-	0%
Energy Efficiency Imporvement Projects						
County HVAC, lighting, plumbing	204,000	204,000	-	-	-	0%
Government Center Complex						
Government center debt	11,556,151	11,556,151	-	-	-	0%
Information Technology						
SCADA upgrades	75,000	75,000	-	-	-	0%
Computer applications and improvements	100,000	100,000	-	-	-	0%
County Maintenance Shop						
County shop improvements	160,000	160,000	-	-	-	0%

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2015-2019
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Public Safety					
Law enforcement center improvements	$ 1,900,000	$ 1,900,000	$ -	$ 1,900,000	$ 1,900,000	100%
Fire stations	100,000	100,000	-	-	-	0%
County Fire Protection equipment	800,000	800,000	-	-	-	0%
Ambulances (2)	250,000	250,000	-	-	-	0%
Animal Shelter	40,000	40,000	-	-	-	0%
Air Compressor	45,000	45,000	-	-	-	0%
Recreation					
Recreation facilities	400,000	400,000	-	-	-	0%
Recreation equipment	215,000	215,000	-	-	-	0%
Roads/Streets					
Capital equipment - County	300,000	300,000	-	-	-	0%
County road improvements/equipment	1,781,960	1,781,960	-	-	-	0%
Solid Waste					
Current station replacement	100,000	100,000	-	-	-	0%
Inert landfill improvements	200,000	200,000	-	-	-	0%
TOWN OF DEARING					
Dearing fire equipment	15,000	15,000	-	-	-	0%
Dearing recreation	77,000	77,000	-	-	-	0%
OTHER					
Advertising Costs	-	-	-	366	366	
TOTALS	$ 23,000,151	$ 23,000,151	$ -	$ 2,048,017	$ 2,048,017	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES AND SOURCE AND APPLICATION OF FUNDS
FOR COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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%