ANNUAL FINANCIAL REPORT

MCDUFFIE COUNTY,
GEORGIA

YEAR ENDED DECEMBER 31, 2018

MCDUFFIE COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018

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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, 2018, 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 $308,748 and total net position of ($495,993) as of June 30, 2018, and total revenues of $648,260 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, 2018, 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 58), the Schedule of Contributions (on page 59), the Schedule of Proportionate Share of the Net Pension Liability (on page 60) and budgetary comparison information (on page 54 through 57), 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 of Funds for Community Development Block Grants, and the Schedule of Expenditures of Federal Awards 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 August 8, 2019, on our consideration of McDuffie County Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering McDuffie County Georgia's internal control over financial reporting and compliance.

Baird Audit Group, LLC

The Baird Audit Group, LLC
Certified Public Accountants

Augusta, Georgia
August 8, 2019

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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, 2018. We encourage readers to consider the information presented in this analysis along with the complete financial statements and notes in the 2018 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 -- 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 19 -24 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 TSPLOST.

Proprietary Funds

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

The proprietary fund statements can be found on pages 25-27 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 80-81 of this report.

Government-wide Financial Analysis

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 $48 million and $45 million as of December 31, 2018 and December 31, 2017, 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 of 12% in 2018 and 11% in 2017 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 2018 and 2017.

MCDUFFIE COUNTY NET POSITION
DECEMBER 31, 2018 AND 2017

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	$ 14,329,380	$ 13,435,488	$ 531,871	$ 365,035	$ 14,861,251	$ 13,800,523
Capital assets, net	42,253,929	41,426,450	914,601	765,185	43,168,530	42,191,635
Total assets	56,583,309	54,861,938	1,446,472	1,130,220	58,029,781	55,992,158
Deferred Outflows of Resources						
Deferred outflows related to pension	611,851	835,385	-	-	611,851	835,385
Total deferred outflows of resources	611,851	835,385	-	-	611,851	835,385
Total assets and deferred outflows of resources	57,195,160	55,697,323	1,446,472	1,130,220	58,641,632	56,827,543
Liabilities						
Current and other liabilities	3,034,437	2,921,679	191,291	131,090	3,225,728	3,052,769
Long-term liabilities	4,587,775	7,526,560	207,965	224,893	4,795,740	7,751,453
Total liabilities	7,622,212	10,448,239	399,256	355,983	8,021,468	10,804,222
Deferred Inflows of Resources						
Deferred inflows related to pension	1,160,417	249,775	-	-	1,160,417	249,775
Total deferred inflows of resources	1,160,417	249,775	-	-	1,160,417	249,775
Total liabilities and deferred inflows of resources	8,782,629	10,698,014	399,256	355,983	9,181,885	11,053,997
Net Position						
Invested in capital assets, net related debt	36,873,929	34,356,450	914,601	765,185	37,788,530	35,121,635
Restricted - Capital Projects	4,179,524	4,461,046	-	-	4,179,524	4,461,046
Restricted - Special Revenues	1,117,666	1,352,173	-	-	1,117,666	1,352,173
Restricted - Debt Service	551,958	38,772	-	-	551,958	38,772
Unrestricted	5,689,454	4,790,868	132,615	9,052	5,822,069	4,799,920
Total net position	$ 48,412,531	$ 44,999,309	$ 1,047,216	$ 774,237	$ 49,459,747	$ 45,773,546

Changes in Net Position

Governmental Activities

Governmental activities increased the Government's net position by $3.4 million. Listed below are some of the key elements of this change:

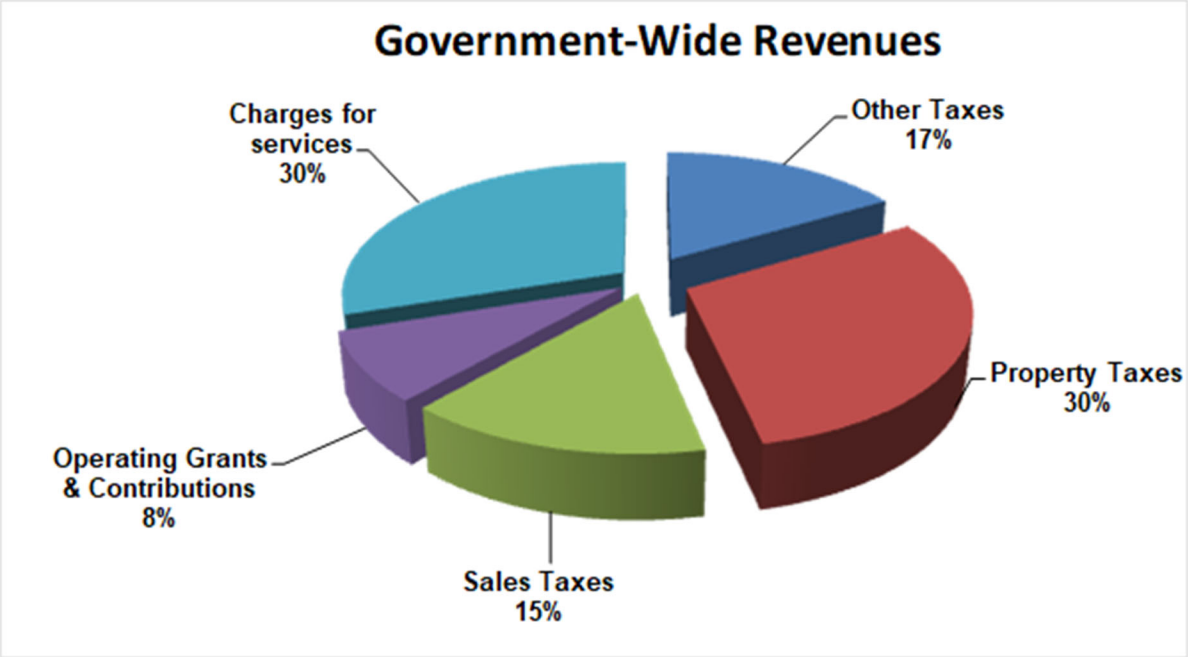
Governmental Revenues: The main source of revenues for governmental activities is property tax collections which represented 49% of the total governmental revenues. Property taxes increased by $730,816 from 2017 as a result of a higher collection rate and a property tax sale for delinquent taxes. Sales tax increased by $340,302 from the previous year while with the energy excise tax, and insurance premium taxes.

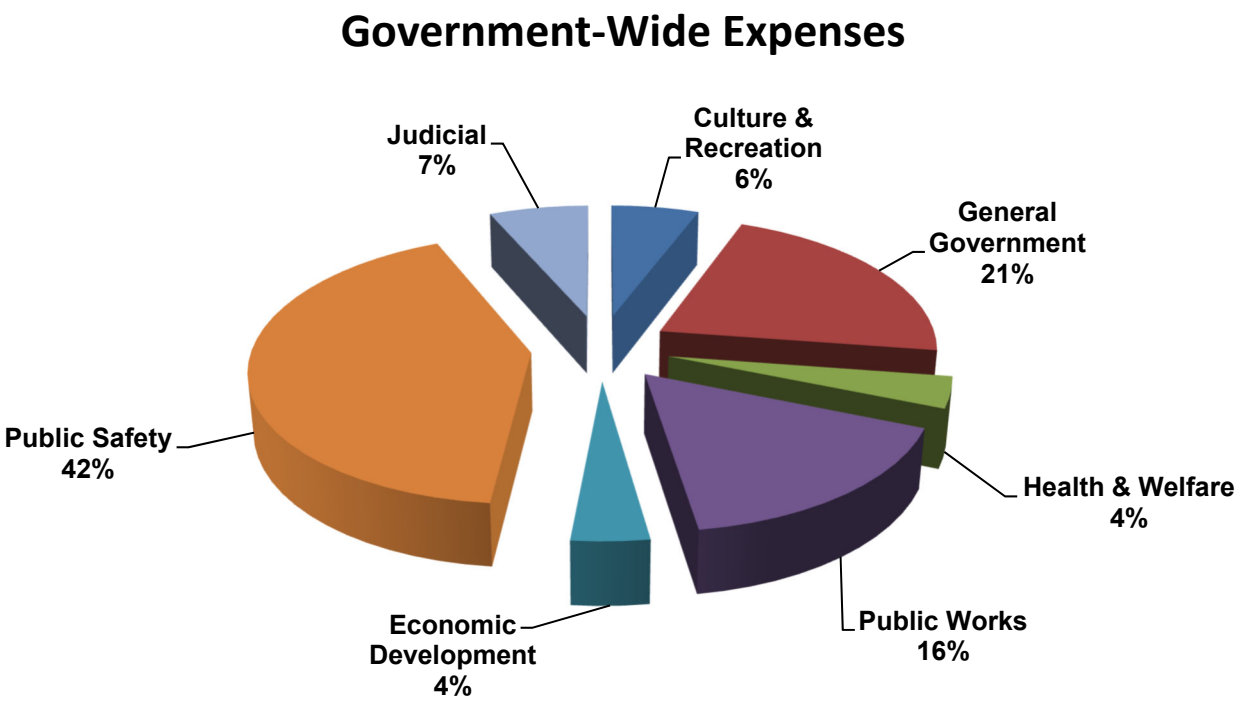
Governmental Functional Expenses: As reflected in the changes for net position, the Government expended $1,203,760 above the previous year. Some expenses such as public safety, judicial, health and welfare decreased while others such as general administration, public works, economic development, culture and recreation increased.

Business-type activities: Business-type activities increased the Government's net position by approximately $272,979. The Solid Waste Facility closely monitors the expenditures to ensure the facility is operating efficiently.

MCDUFFIE COUNTY
CHANGES IN NET POSITION

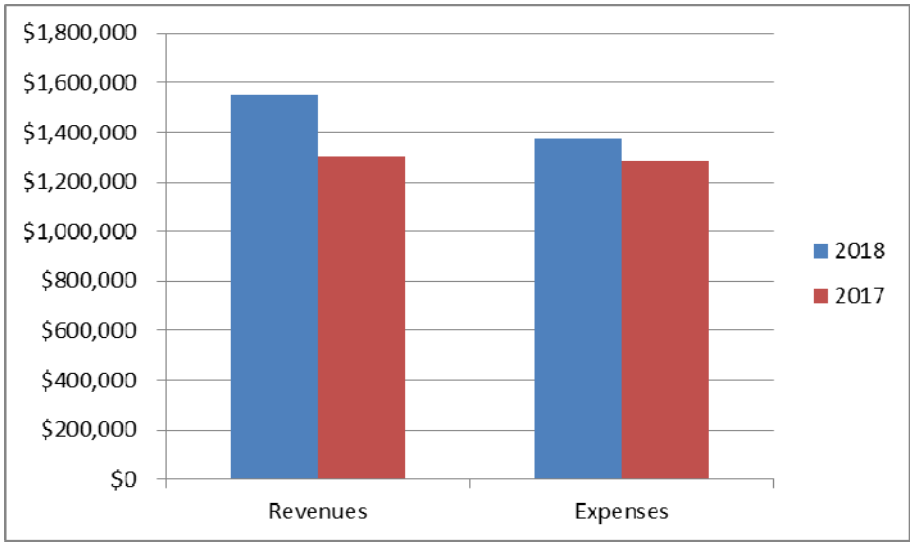
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	$ 5,039,800	$ 4,415,959	$ -	$ -	$ 5,039,800	$ 4,415,959
Solid Waste	-	-	1,551,818	1,300,566	1,551,818	1,300,566
Operating Grants & Contributions	1,650,410	1,352,537	-	-	1,650,410	1,352,537
Capital Grants & Contributions	4,025,763	3,831,498	-	-	4,025,763	3,831,498
Total Program Revenues	10,715,973	9,599,994	1,551,818	1,300,566	12,267,791	10,900,560
General Revenues:						
Property taxes	5,067,183	4,336,367	-	-	5,067,183	4,336,367
Sales taxes	2,490,609	2,150,307	-	-	2,490,609	2,150,307
Franchise taxes	80,560	79,182	-	-	80,560	79,182
Hotel/motel taxes	244,981	264,515	-	-	244,981	264,515
Alcoholic beverage taxes	209,112	216,566	-	-	209,112	216,566
Energy Excise Tax	299,750	273,632	-	-	299,750	273,632
Timber tax	31,006	28,627	-	-	31,006	28,627
Insurance premium tax	938,225	870,121	-	-	938,225	870,121
Interest income	37,576	10,176	-	-	37,576	10,176
Payments in lieu of taxes	38,660	37,868	-	-	38,660	37,868
Motor Vehicle tax	464,607	403,518	-	-	464,607	403,518
Miscellaneous taxes	425,506	66,159	-	-	425,506	66,159
Total General Revenues	10,327,775	8,737,038	-	-	10,327,775	8,737,038
Total Revenue	21,043,748	18,337,032	1,551,818	1,300,566	22,595,566	19,637,598
Expenses:						
General government	3,736,610	3,463,068	-	-	3,736,610	3,463,068
Public Safety	7,261,023	7,357,786	-	-	7,261,023	7,357,786
Public Works	2,870,416	2,241,656	-	-	2,870,416	2,241,656
Health & welfare	654,763	660,586	-	-	654,763	660,586
Solid Waste	-	-	1,375,142	1,282,210	1,375,142	1,282,210
Economic Development	678,937	175,434	-	-	678,937	175,434
Culture & recreation	1,007,027	983,255	-	-	1,007,027	983,255
Judicial	1,140,922	1,165,918	-	-	1,140,922	1,165,918
Interest	184,525	282,761	-	-	184,525	282,761
Total Expenses	17,534,223	16,330,464	1,375,142	1,282,210	18,909,365	17,612,674
Transfers Out	(96,303)	(11,086)	96,303	11,086	-	-
Change in Assets	3,413,222	1,995,482	272,979	29,442	3,686,201	2,024,924
Ending net position	48,412,531	44,999,309	1,047,216	774,237	49,459,747	45,773,546


Government-Wide Revenues
Charges for services 30%
Other Taxes 17%
Property Taxes 30%
Operating Grants & Contributions 8%
Sales Taxes 15%


Government-Wide Expenses
Judicial 7%
Culture & Recreation 6%
General Government 21%
Public Safety 42%
Health & Welfare 4%
Economic Development 4%
Public Works 16%

Business-type activities
Business type activities reflected higher expenses and revenues for 2018. The solid waste system incurred a profit of $272,979 for the year. The illustration below compares the revenues and expenses for 2018 and 2017.

BUSINESS-TYPE ACTIVITIES
2018



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 TSPLOST.

As of December 31, 2018, McDuffie County governmental funds, which include the major funds and various other funds, reported combined fund balances of $12,955,790.

The General Fund is the chief operating fund of the County. At December 31, 2018, total fund balance was $7,106,642. The fund balance of McDuffie County has increased by $1,003,011 since 2017.

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, 2018, total net position amounted to $1,047,216 for enterprise funds compared to $774,237 at December 31, 2017. 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 $272,979 for the year. The revenues increased by $251,252 and the expenditures increased by $92,932 for the year.

Capital Assets and Debt Administration

Capital Assets

McDuffie County has invested $42,253,929 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 Activities		Totals	
	2018	2017	2018	2017	2018	2017
Assets						
Land	$ 3,595,233	$ 3,595,233	$ 312,891	$ 312,891	$ 3,908,124	$ 3,908,124
Buildings	40,857,476	40,134,392	212,237	212,237	41,069,713	40,346,629
Machinery and Equipment	11,769,175	11,387,641	393,716	340,856	12,162,891	11,728,497
Infrastructure	46,560,694	44,908,728	-	-	46,560,694	44,908,728
Construction In Progress	1,205,338	797,069	402,911	265,866	1,608,249	1,062,935
Total assets	103,987,916	100,823,063	1,321,755	1,131,850	105,309,671	101,954,913
Accumulated Depreciation	(61,733,987)	(59,396,613)	(407,154)	(366,665)	(62,141,141)	(59,763,278)
Total assets	$ 42,253,929	$ 41,426,450	$ 914,601	$ 765,185	$ 43,168,530	$ 42,191,635

Listed below are some of the significant capital asset transactions which occurred in 2018:

- General Fund funded three patrol vehicles totaling $103,148, digital images $16,419, software for the Sheriff's Department and Emergency 911 Services $196,640, County software $126,399 and other capital assets totaling $277,556.
- The Raysville Fire Station was completed in 2018 costing $449,301.
- Renovations at the library totaled $241,111. These were paid using State funds.
- Local maintenance and Improvement Grant funded a portion of road resurfacing in the amount of $479,129.
- T-SPLOST funded a portion of road resurfacing in the amount of $975,151.
- The Mattox Creek Bridge was repaired costing $111,359 and was paid by using State and County funds. A culvert repair was completed on Stagecoach Road totaling $86,328.

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 $1,874,525 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, 2017. Note 8 of the financial statements provide a summary of the long term liability transactions for the year ending 2017.

McDuffie County
Outstanding Debt
Fiscal Years 2018 and 2017

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Accrued compensated absences	$ 365,071	$ 338,089	$ 6,590	$ 6,166	$ 371,661	$ 344,255
Net pension liability	602,704	1,808,471	-	-	602,704	1,808,471
Bonds payable	5,380,000	7,070,000	-	-	5,380,000	7,070,000
Postclosure costs	-	-	201,375	218,727	201,375	218,727
Total Debt	$ 6,347,775	$ 9,216,560	$ 207,965	$ 224,893	$ 6,555,740	$ 9,441,453

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 2018, several industries expanded their facilities. Amcor added a $300,000 addition, Advanced Auto added a $275,000 and Augusta Coating completed a $4.2 million dollar addition. Standard Iron expanded their facilities, from a 30,000 to a 149,000 square feet building to meet their growing needs. Augusta Orthopedics built a new office near the University Hospital complex totaling $600,000. 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, 2018 was 5.1% compared to December, 2017 of 5.8%.

Budget Highlights for the Fiscal Year Ending December 31, 2019

- A millage increase of one mill was needed to balance the County budget.
- 2.5% cost of living pay increase was included for all full time and part time employees along with another 2.5% merit increase to be distributed mid-year
- McDuffie County entered into an agreement with the Jefferson County Board of Commissioners for inmate work detail services. These services are to assist with keeping the right-of-ways clean in the County.

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, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Development Authority	Health Department
Assets					
Cash and cash equivalents	$ 11,140,393	$ 445,345	$ 11,585,738	$ 1,653,713	$ 228,808
Investments	1,232,953	-	1,232,953	-	-
Receivables					
Taxes	743,948	-	743,948	-	-
Accounts	868,348	86,526	954,874	935,582	27,594
Intergovernmental	208,273	-	208,273	-	52,346
Restricted assets					
Cash and cash equivalents	135,465	-	135,465	-	-
Capital assets not being depreciated:					
Construction in progress	1,205,338	402,911	1,608,249	-	-
Land	3,595,233	312,891	3,908,124	3,745,599	-
Capital assets (net of accumulated depreciation)					
Buildings and improvements	27,822,855	81,854	27,904,709	1,715,166	-
Furniture, fixtures, and equipment	2,585,009	116,945	2,701,954	8,487	-
Infrastructure	7,045,494	-	7,045,494	-	-
Total assets	56,583,309	1,446,472	58,029,781	8,058,547	308,748
Deferred Outflows of Resources					
Deferred outflows related to pension	611,851	-	611,851	-	134,227
Total deferred outflows of resources	611,851	-	611,851	-	134,227
Total assets and deferred outflows of resources	57,195,160	1,446,472	58,641,632	8,058,547	442,975
Liabilities					
Accounts payable	1,122,610	190,950	1,313,560	-	33,219
Accrued liabilities	137,769	341	138,110	-	-
Due to others	14,058	-	14,058	-	-
Noncurrent liabilities					
Due within one year					
Bond payable	1,760,000	-	1,760,000	-	-
Due in more than one year					
Note payable	-	-	-	238,877	-
Bond payable	3,620,000	-	3,620,000	-	-
Closure and post closure costs payable	-	201,375	201,375	-	-
Compensated absences payable	365,071	6,590	371,661	-	16,049
Net OPEB Liability	-	-	-	-	376,346
Net Pension Liabilities	602,704	-	602,704	-	468,759
Total liabilities	7,622,212	399,256	8,021,468	238,877	894,373
Deferred inflows of Resources					
Deferred inflows related to pension	1,160,417	-	1,160,417	-	44,595
Total deferred inflows of resources	1,160,417	-	1,160,417	-	44,595
Total liabilities and deferred inflows of resources	8,782,629	399,256	9,181,885	238,877	938,968
Net Position					
Net investment in capital assets	36,873,929	914,601	37,788,530	5,230,375	-
Restricted for:					
Capital projects	4,179,524	-	4,179,524	-	-
Special revenues	1,117,666	-	1,117,666	-	-
Debt service	551,958	-	551,958	-	-
Unrestricted	5,689,454	132,615	5,822,069	2,589,295	(495,993)
Total net position	$ 48,412,531	$ 1,047,216	$ 49,459,747	$ 7,819,670	$ (495,993)

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, 2018

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	$ 3,736,610	$ 3,276,755	$ 1,643,690	$ 4,000,736	$ 5,184,571	$ -	$ 5,184,571	$ -	$ -
Public safety	7,261,023	1,293,219	6,720	-	(5,961,084)	-	(5,961,084)	-	-
Public works	2,870,416	-	-	-	(2,870,416)	-	(2,870,416)	-	-
Health and welfare	654,763	-	-	-	(654,763)	-	(654,763)	-	-
Culture and recreation	1,007,027	-	-	-	(1,007,027)	-	(1,007,027)	-	-
Economic development	678,937	-	-	-	(678,937)	-	(678,937)	-	-
Judicial	1,140,922	469,826	-	-	(671,096)	-	(671,096)	-	-
Interest on long-term debt	184,525	-	-	25,027	(159,498)	-	(159,498)	-	-
Total governmental activities	17,534,223	5,039,800	1,650,410	4,025,763	(6,818,250)	-	(6,818,250)	-	-
Business-type activities:									
Solid Waste	1,375,142	1,551,818	-	-	-	176,676	176,676	-	-
Water	-	-	-	-	-	-	-	-	-
Total business-type activities	1,375,142	1,551,818	-	-	-	176,676	176,676	-	-
Total primary government	$ 18,909,365	$ 6,591,618	$ 1,650,410	$ 4,025,763	(6,818,250)	176,676	(6,641,574)	-	-
Component units:									
Development Authority	$ 182,383	$ 149,078	$ -	$ 66,690				33,385	-
Health Department	500,189	150,213	498,005	-				-	148,029
Total component units	$ 682,572	$ 299,291	$ 498,005	$ 66,690				33,385	148,029
General revenues:									
Property taxes					5,067,183	-	5,067,183	-	-
Sales taxes					2,490,609	-	2,490,609	-	-
Franchise taxes					80,560	-	80,560	-	-
Insurance premium tax					938,225	-	938,225	-	-
Hotel/motel taxes					244,981	-	244,981	-	-
Motor vehicle tax					464,607	-	464,607	-	-
Alcoholic beverage taxes					209,112	-	209,112	-	-
Excise tax					299,750	-	299,750	-	-
Timber tax					31,006	-	31,006	-	-
Miscellaneous taxes					425,506	-	425,506	-	-
Payments in lieu of taxes					38,660	-	38,660	-	-
Interest - unrestricted					37,576	-	37,576	8,970	42
Total general revenues					10,327,775	-	10,327,775	8,970	42
Transfers					(96,303)	96,303	-	-	-
Change in net position					3,413,222	272,979	3,686,201	42,355	148,071
Net position, beginning of year					44,999,309	774,237	45,773,546	7,777,315	(243,992)
*Prior Period Adjustment					-	-	-	-	(400,072)
Net position, end of year					$ 48,412,531	$ 1,047,216	$ 49,459,747	$ 7,819,670	$ (495,993)

* Due to a required restatement of beginning net position as a result of new OPEB reporting standards

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

MCDUFFIE COUNTY, GEORGIA
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	SPLOST VI	TSPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 5,369,617	$ 3,342,392	$ 872,608	$ 1,555,776	$ 11,140,393
Investments	1,232,792	-	-	161	1,232,953
Receivables					
Property taxes, net allowance	449,872	-	-	-	449,872
Sales tax	100	293,976	-	-	294,076
Other	791,916	-	-	76,432	868,348
Due from other funds	215	-	-	98,908	99,123
Intergovernmental receivables	-	-	203,805	4,468	208,273
Restricted cash and investments	135,465	-	-	-	135,465
Total assets	$ 7,979,977	$ 3,636,368	$ 1,076,413	$ 1,735,745	$ 14,428,503
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 525,297	$ 1,885	$ 529,391	$ 66,037	$ 1,122,610
Accrued liabilities	135,919	-	-	1,850	137,769
Due to others	14,058	-	-	-	14,058
Due to other funds	98,908	-	-	215	99,123
Total liabilities	774,182	1,885	529,391	68,102	1,373,560
Deferred inflows of resources					
Unavailable revenues - property taxes	99,153	-	-	-	99,153
Total deferred inflows	99,153	-	-	-	99,153
Fund Balances					
Restricted for:					
Capital projects	-	3,634,483	-	545,041	4,179,524
Special revenues	-	-	-	1,117,666	1,117,666
Debt	-	-	547,022	4,936	551,958
Unassigned	7,106,642	-	-	-	7,106,642
Total fund balances	7,106,642	3,634,483	547,022	1,667,643	12,955,790
Total liabilities, deferred inflows of resources and fund balances	$ 7,979,977	$ 3,636,368	$ 1,076,413	$ 1,735,745	$ 14,428,503

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, 2018

Total fund balances - governmental funds	$ 12,955,790
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	1,205,338
Land	3,595,233
Infrastructure	46,560,694
Buildings and improvements	40,857,476
Furniture, fixtures, and equipment	11,769,175
Accumulated depreciation	(61,733,987)
Total capital assets	42,253,929
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.	99,153
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.	(1,151,270)
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	(5,380,000)
Compensated absences	(365,071)
Total long-term liabilities	(5,745,071)
Net position of governmental activities	$ 48,412,531

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, 2018

	General	SPLOST VI	TSPLOST	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 10,151,964	$ 3,182,436	$ 818,300	$ 704,200	$ 14,856,900
Licenses and permits	341,837	-	-	-	341,837
Intergovernmental	163,053	-	-	253,671	416,724
Fines and forfeitures	469,826	-	-	83,052	552,878
Charges for services	3,276,755	-	391,318	477,012	4,145,085
Contributions and donations from private sources	6,720	-	-	-	6,720
Rentals	145,552	-	-	-	145,552
Telephone Commissions	39,051	-	-	-	39,051
Commissary	112,919	-	-	-	112,919
Other revenue	65,271	-	-	378,968	444,239
Other Financing Sources	-	-	-	-	-
Interest	28,061	14,617	5,417	4,993	53,088
Total revenues	14,801,009	3,197,053	1,215,035	1,901,896	21,114,993
EXPENDITURES					
Current expenditures:					
General government	2,894,623	-	38,785	74,423	3,007,831
Public safety	5,851,188	-	-	718,281	6,569,469
Public works	1,348,369	-	-	410,029	1,758,398
Health and welfare	602,552	-	-	21,808	624,360
Culture and recreation	846,118	-	-	-	846,118
Judicial	1,128,338	-	-	12,584	1,140,922
Housing and Development	477,640	-	-	201,297	678,937
Other	-	126,780	190	72,771	199,741
Capital outlay:					
General government	162,199	48,658	-	251,171	462,028
Public safety	184,201	173,457	1,603,017	219,284	2,179,959
Judicial	9,999	-	-	-	9,999
Culture and recreation	12,882	12,660	-	-	25,542
Public works	73,078	74,154	-	479,129	626,361
Debt service:					
Principal	17,378	-	-	1,690,000	1,707,378
Interest	-	-	-	184,525	184,525
Total expenditures	13,608,565	435,709	1,641,992	4,335,302	20,021,568
Excess (deficiency) of revenues over expenditures	1,192,444	2,761,344	(426,957)	(2,433,406)	1,093,425
OTHER FINANCING SOURCES (USES)					
Transfer in	301,946	-	-	2,358,766	2,660,712
Transfer out	(484,241)	(1,874,525)	-	(398,249)	(2,757,015)
Total other financing sources (uses)	(182,295)	(1,874,525)	-	1,960,517	(96,303)
CHANGE IN FUND BALANCES	1,010,149	886,819	(426,957)	(472,889)	997,122
FUND BALANCES, BEGINNING OF YEAR	6,096,493	2,747,664	973,979	2,140,532	11,958,668
FUND BALANCES, END OF YEAR	$ 7,106,642	$ 3,634,483	$ 547,022	$ 1,667,643	$ 12,955,790

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, 2018

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - governmental funds	$ 997,122
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	3,551,143
Depreciation expense	(2,723,664)
Net change in capital assets	827,479
The net revenue (expenses) of internal service funds is reported with governmental activities.	3,046
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.	(149,034)
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.	
Net change in debt	1,690,000
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.	
Changes in McDuffie's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities	71,591
Compensated absences	(26,982)
	44,609
Change in net position of governmental activities	$ 3,413,222

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

MCDUFFIE COUNTY, GEORGIA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds		
	Water Fund	Solid Waste Fund	Total
ASSETS			
Current assets			
Cash	$ -	$ 445,345	$ 445,345
Accounts receivable	-	86,526	86,526
Total current assets	-	531,871	531,871
Noncurrent assets			
Capital assets not being depreciated:			
Construction in progress	189,144	213,767	402,911
Land	-	312,891	312,891
Capital assets (net of accumulated depreciation)			
Buildings and improvements	-	81,854	81,854
Furniture, fixtures, and equipment	-	116,945	116,945
Total noncurrent assets	189,144	725,457	914,601
Total assets	$ 189,144	$ 1,257,328	$ 1,446,472
LIABILITIES AND NET POSITION			
Liabilities			
Current liabilities			
Accounts payable	-	190,950	190,950
Accrued liabilities	-	341	341
Total current liabilities	-	191,291	191,291
Noncurrent liabilities			
Compensated absences	-	6,590	6,590
Closure and post closure costs payable	-	201,375	201,375
Total noncurrent liabilities	-	207,965	207,965
Total liabilities	-	399,256	399,256
Net Position			
Unrestricted	189,144	858,072	1,047,216
Total net position	189,144	858,072	1,047,216
Total liabilties and net position	$ 189,144	$ 1,257,328	$ 1,446,472

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, 2018

	Business-type Activities - Enterprise Funds		
	Water Fund	Solid Waste Fund	Total
OPERATING REVENUES			
Charges for services	$ -	$ 1,551,818	$ 1,551,818
Total operating revenues	-	1,551,818	1,551,818
OPERATING EXPENSES			
Personnel services	-	177,834	177,834
Operations	-	1,156,818	1,156,818
Depreciation	-	40,490	40,490
Total operating expenses	-	1,375,142	1,375,142
Operating income	-	176,676	176,676
Income (loss) before capital contributions and transfers	-	176,676	176,676
Transfers in	-	96,303	96,303
Change in net position	-	272,979	272,979
NET POSITION, BEGINNING OF YEAR	189,144	585,093	774,237
NET POSITION, END OF YEAR	$ 189,144	$ 858,072	$ 1,047,216

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, 2018

	Business-type Activities - Enterprise Funds		
	Water Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	$ -	$ 176,676	$ 176,676
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Depreciation	-	40,490	40,490
Change in accounts receivable	-	(30,629)	(30,629)
Change in accounts payable	-	62,113	62,113
Change in accrued postclosure	-	(17,352)	(17,352)
Change in accrued liabilities	-	(1,912)	(1,912)
Change in compensated absences	-	424	424
Total adjustments	-	53,134	53,134
Net cash provided by operating activities	$ -	$ 229,810	$ 229,810
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Construction of capital assets	-	96,303	96,303
Net cash provided by provided by noncapital financing activities	-	96,303	96,303
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Capital Assets	-	(189,905)	(189,905)
Net cash used by capital and related financing activities	-	(189,905)	(189,905)
Net increase (decrease) in cash	-	136,208	136,208
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	309,137	309,137
CASH AND CASH EQUIVALENTS, END OF YEAR	$ -	$ 445,345	$ 445,345

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, 2018

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 564,548
Total assets	$ 564,548
LIABILITIES	
Due to others	$ 564,548
Total liabilities	$ 564,548

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, 2018. 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.

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

The County reports the following major enterprise funds:

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

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

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 2018 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, 2018, 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 7, 2018 and were due November 15, 2018.

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, 2018, is summarized as follows:

Operating revenues	$	5,236,564
Depreciation and amortization expense		1,381,366
Operating income (loss)		189,695
Change in net position		240,599
Capital asset change		797,677
Net working capital		3,251,413
Total assets		39,391,013
Deferred outflows of resources		141,017
Long-term liabilities		9,641,931
Deferred inflows of resources		118,591
Total net position	$	28,879,238

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, 2018, 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, 2018, the County had the following investments:

Investments	Weighted Avg Maturities	Fair Value	Credit Rating
Primary Government:			
Various Certificates of Deposit	43 days	$ 1,232,953	AAAm
Total fair value		$ 1,232,953	

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

NOTE 5 – TAXES RECEIVABLE

The County's Tax Commissioner bills and collects property taxes, then remits to the County its respective share of property taxes. Current year property taxes were levied September 7, 2018 and were due November 15, 2018. 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 2018 tax levy follows:

		General Fund
2018 millage rate -	Incorporated	9.20
	Unincorporated	8.80
Net property tax levy		$ 4,990,152
Property tax receivable		$ 641,310
Property Tax collected in 2019		(542,157)
Property tax receivable, net allowance		$ 99,153
Unearned property tax revenues		$ 99,153

NOTE 6 – EXCISE TAX

In accordance with the provisions of O.C.G.A. § 48-13-110 et seq., there is imposed within the territorial limits of the special district created pursuant to O.C.G.A. § 48-13-111, an excise tax on the sale, use, storage, or consumption of energy when such sale, use, storage, or consumption would have constituted a taxable event for purposes of sales and use tax under O.C.G.A. § 48-8-1 et seq. but for the exemption in O.C.G.A. § 48-8-3.2. Such excise tax shall be levied and collected by the governing authority of McDuffie County pursuant to O.C.G.A. §§ 48-13-112 and 48-13-114 and as provided in this section. Energy tax revenue for the year ended December 31, 2018, was as follows:

MCDUFFIE COUNTY BOARD OF COMMISSIONERS
ENERGY EXCISE TAX
2018 AND 2017

MONTH RECEIVED	COLLECTION MONTH	CITY OF THOMSON	GEORGIA POWER	FERRELL GAS	JEFFERSON ENERGY	GAS SOUTH	MONTHLY TOTAL	2017 TOTALS	VARIANCE
1/31/2018	DECEMBER	$ 1,878.49	$ 14,626.67	$ 91.17	$ 2,845.82	$ -	$ 19,442.15	$ 19,967.00	$ (524.85)
2/28/2018	JANUARY	2,490.75	16,086.32	98.14	2,684.11	-	21,359.32	18,910.00	2,449.32
3/31/2018	FEBRUARY	2,284.83	25,056.70	105.80	3,019.17	223.72	30,690.22	21,879.00	8,811.22
4/30/2018	MARCH	1,973.99	15,370.18	131.32	2,866.00	90.17	20,431.66	20,331.00	100.66
5/31/2018	APRIL	2,015.72	15,343.54	106.23	3,440.11	99.75	21,005.35	22,075.00	(1,069.65)
6/30/2018	MAY	1,933.39	18,588.66	88.96	3,421.42	96.43	24,128.86	23,270.00	858.86
7/31/2018	JUNE	2,013.88	20,518.03	70.70	3,393.55	77.06	26,073.22	24,827.00	1,246.22
8/31/2018	JULY	2,177.01	22,386.20	64.58	3,165.75	88.38	27,881.92	25,028.00	2,853.92
9/30/2018	AUGUST	2,340.40	24,108.99	86.96	2,809.62	75.73	29,421.70	27,468.00	1,953.70
10/31/2018	SEPTEMBER	1,649.13	22,707.32	79.23	3,348.84	63.19	27,847.71	26,268.00	1,579.71
11/30/2018	OCTOBER	2,390.37	19,795.43	92.84	3,243.34	69.95	25,591.93	21,047.00	4,544.93
12/31/2018	NOVEMBER	2,289.54	19,978.70	141.53	3,398.61	67.79	25,876.17	22,561.00	3,315.17
YTD Totals		$ 25,437.50	$ 234,566.74	$ 1,157.46	$ 37,636.34	$ 952.17	$ 299,750.21	$ 273,631.00	$ 26,119.21

NOTE 7 – CAPITAL ASSETS

Governmental capital assets activity for the year ended December 31, 2018, was as follows:

	Balance 1/1/2018	Transfers/ Additions	Deletions	Balance 12/31/2018
Capital assets not being depreciated				
Construction in process	$ 797,069	$ 408,269	$ -	$ 1,205,338
Land	3,595,233	-	-	3,595,233
Total capital assets not being depreciated	4,392,302	408,269	-	4,800,571
Capital assets being depreciated				
Infrastructure	44,908,728	1,651,966	-	46,560,694
Buildings and improvements	40,134,392	770,744	(47,660)	40,857,476
Furniture, fixtures, and equipment	11,387,641	720,164	(338,630)	11,769,175
Total capital assets being depreciated	96,430,761	3,142,874	(386,290)	99,187,345
Less accumulated depreciation:				
Infrastructure	(38,539,452)	(975,748)	-	(39,515,200)
Buildings and improvements	(12,034,696)	(1,047,585)	47,660	(13,034,621)
Furniture, fixtures, and equipment	(8,822,465)	(700,331)	338,630	(9,184,166)
Less accumulated depreciation	(59,396,613)	(2,723,664)	386,290	(61,733,987)
Net capital assets being depreciated	37,034,148	419,210	-	37,453,358
Governmental activities capital assets - net	$ 41,426,450	$ 827,479	$ -	$ 42,253,929

Depreciation expense was charged to functions as follows:

General Government	$ 728,779
Public Safety	691,554
Highways and Streets	1,112,018
Health and Welfare	30,404
Culture and Recreation	160,909
Totals	$ 2,723,664

NOTE 7 – CAPITAL ASSETS - Continued

Business-type capital assets activity for the year ended December 31, 2018, was as follows:

Water Fund:

	Balance 1/1/2018	Additions	Transfers/ Deletions	Balance 12/31/2018
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 1/1/2018	Additions	Transfers/ Deletions	Balance 12/31/2018
Capital assets not being depreciated				
Construction in process	$ 76,722	$ 137,045	$ -	$ 213,767
Land	312,891	-	-	312,891
Total capital assets not being depreciated	389,613	137,045	-	526,658
Capital assets being depreciated				
Buildings and improvements	212,237	-	-	212,237
Furniture, fixtures, and equipment	340,856	52,860	-	393,716
Total capital assets being depreciated	553,093	52,860	-	605,953
Less accumulated depreciation:				
Buildings and improvements	(125,077)	(5,306)	-	(130,383)
Furniture, fixtures, and equipment	(241,588)	(35,183)	-	(276,771)
Less accumulated depreciation	(366,665)	(40,489)	-	(407,154)
Net capital assets being depreciated	186,428	12,371	-	198,799
Business-type activities capital assets - net	$ 765,185	$ 149,416	$ -	$ 914,601

Depreciation expense on capital assets of the Proprietary Funds was $40,489 for the year ended December 31, 2018.

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, 2018.

NOTE 7 – CAPITAL ASSETS – Continued

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

Development Authority	Balance 1/1/2018	Additions	Transfers/ Deletions	Balance 12/31/2018
Capital assets not being depreciated				
Land and land improvements	$ 3,770,709	$ -	$ (25,110)	$ 3,745,599
Property, plant and equipment				
Buildings and improvements	2,603,246	-	(401,702)	2,201,544
Equipment and furniture	57,001	-	-	57,001
Total property, plant and equipment	2,660,247	-	(401,702)	2,258,545
Less accumulated depreciation				
Buildings	(653,530)	-	167,152	(486,378)
Equipment and furniture	(57,001)	-	8,487	(48,514)
Total accumulated depreciation	(710,531)	-	175,639	(534,892)
Net capital assets being depreciated	1,949,716	-	(226,063)	1,723,653
Component unit capital assets - net	$ 5,720,425	$ -	$ (251,173)	$ 5,469,252

Depreciation expense on capital assets of the Development Authority was $175,639 for the year ended December 31, 2018.

NOTE 8 – NOTES RECEIVABLE

At December 31, 2018, 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.	$ 97,951
Note receivable bearing interest at 2.50%, due in monthly installments of $5,656, including principal and interest, maturing in 2026.	477,754
Note receivable bearing interest at 2.50%, due in monthly installments of $2,768, including principal and interest, maturing in 2025.	184,877
Note receivable bearing interest at 3.00%, due in monthly installments of $1,209, including principal and interest, maturing in 2033.	175,000
	$ 935,582

NOTE 9 – LONG TERM DEBT

The following is a summary of the long-term liability transactions for the year ended December 31, 2018:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018	Due within One Year
Governmental Activities					
2008 Bonds payable	$ 1,615,000	$ -	$ (1,615,000)	$ -	$ -
2016 Bonds payable	5,455,000	-	(75,000)	5,380,000	1,760,000
Accrued compensated absences	338,089	26,982	-	365,071	-
Total debt - governmental activities	$ 7,408,089	$ 26,982	$ (1,690,000)	$ 5,745,071	$ 1,760,000
Business-type Activities					
Accrued compensated absences	$ 6,166	$ 424	$ -	$ 6,590	$ -
Accrued closure and postclosure costs	218,727	-	(17,352)	201,375	-
Total debt - business-type activities	$ 224,893	$ 424	$ (17,352)	$ 207,965	$ -

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. This Bond matures in 2018.

In August 2018, 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
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	$ 5,380,000	$ 216,900	$ 5,596,900

NOTE 9 – 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 7/1/2017	Additions	Deletions	Balance 6/30/2018	Due within One Year
Accrued compensated absences	19,638	-	(3,589)	16,049	-
Total debt	$ 19,638	$ -	$ (3,589)	$ 16,049	$ -

Development Authority	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018	Due within One Year
Note payable	$ 266,467	$ -	$ (27,590)	$ 238,877	$ -

NOTE 10 – 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 December 31st, 2017, (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	52
Terminated Plan participants entitled to, but not yet receiving benefits	72
Active employees participating in the Plan	119
Total number of Plan participants	243
Covered compensation for active participants	$ 3,821,798

NOTE 10 – RETIREMENT PLAN- Continued

Contributions
The County is required to contribute an actuarially determined rate. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia Statutes. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans.

Net Pension Liability
The County's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. This date was used due to the timing of the actuarial valuation reports. The actuarial valuation reports are available after the subsequent year end.

The total pension liability as of December 31, 2017, valuation was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%	
Future Salary Increases	3.50%	per year with an age based scale
Investment rate of return	7.25%	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 actuarial assumptions used in the 2017 valuation were based on the results of an actuarial experience study for the period January 1, 1988 – December 31, 2014.

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 7.25%. 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 10 – RETIREMENT PLAN – Continued
Change in the Net Pension Liability

	Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2016	$ 10,265,918	$ 8,457,447	$ 1,808,471
Changes for the year:			
Service cost	194,113	-	194,113
Interest	727,653	-	727,653
Liability experience (gain)/loss	(561,809)		(561,809)
Assumption change	18,269		18,269
Contribution-employer	-	390,773	(390,773)
Net investment income	-	1,321,252	(1,321,252)
Benefit payments	(458,661)	(458,661)	-
Administrative expense	-	(21,651)	21,651
Other changes	-	(106,381)	106,381
Net changes	(80,435)	1,125,332	(1,205,767)
Balance at December 31, 2017	$ 10,185,483	$ 9,582,779	$ 602,704

For the year ended December 31, 2018, the County recognized pension expense of $319,182. The required contribution for the year ended December 31, 2018 was $390,773.

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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
County's Pension Liability	$ 1,790,455	$ 602,704	$ (398,787)

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

For the year ended December 31, 2018, the County recognized pension expense of $319,182. At December 31, 2018, 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
Aseet (Gain)/Loss	$ 264,882	$ (548,594)
Liability (Gain)/Loss	-	(611,823)
(Gain)/Loss due to Assumption Change	346,969	-
Total	$ 611,851	$ (1,160,417)

NOTE 10 – RETIREMENT PLAN – Continued

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		
2019	$	124,848
2020		124,848
2021		124,848
2022		124,848
2023		124,848
Thereafter		(41,630)

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

NOTE 10 – RETIREMENT PLAN – Continued

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

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

At December 31, 2018, 16.13%, or 50, of the County's 310 employees, were participants in the deferred compensation plans.

The employees of the County contributed $85,280, respectively, to GEBCorp deferred compensation plan during the year ended December 31, 2018.

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 11 – 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, 2018, the County had recorded no liability for claims.

NOTE 11 – RISK MANAGEMENT, LITIGATION, AND CONTINGENCIES – CONTINUED

The change in the balances of the workers' compensation pool claims during fiscal year 2018 is as follows:

Unpaid claims, beginning of fiscal year	$ 454,582
Incurred claims	115,154
Claim payments	(50,897)
Unpaid claims, end of fiscal year	$ 518,839

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 2018 is as follows:

Unpaid claims, beginning of fiscal year	$ 336,107
Incurred claims	253,841
Claim payments	(61,724)
Unpaid claims, end of fiscal year	$ 528,224

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 12 – 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, 2018 were as follows:

	Payable Fund		
Receivable Fund	General Fund	Solid Waste	Total
Hotel/Motel	$ 98,908	$ -	$ 98,908
Firm Library	$ 215	$ -	$ 215
General Fund	-	2,450	2,450
Total	$ 99,123	$ 2,450	$ 101,573

Transfers To/From Other Funds

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

NOTE 13 – NET POSITION/FUND EQUITY

	Transfers in			
Transfers out	General Fund	Non-major Govt Funds	Solid Waste Landfill	Total Transfers Out
General Fund	$ -	$ 484,241	$ -	$ 484,241
SPLOST VI	-	1,874,525	-	1,874,525
Solid Waste	-			
Non-major Govt Funds	301,946	-	96,303	398,249
Total- Transfers In	$ 301,946	$ 2,358,766	$ 96,303	$ 2,757,015

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 $495,993 as of June 30, 2018. The deficit will be funded through operations of the Department.

NOTE 14 – 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.

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 $201,375* as of December 31, 2018.

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 2018 totaled $17,352.

*Estimated to be $ 367,941.61 per Georgia EPD in 2018

NOTE 15 – 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 2018, approximately 61% of receipts were allocated for tourism. Transactions for the year ended December 31, 2018 were as follows:

Balance as of December 31, 2017	$ 127,214
Tax Collections during 2018	244,981
Reimbursement received during 2018	711
Disbursements for promotion of tourism	(201,297)
Transfer to General Fund	(80,261)
Balance as of December 31, 2018	$ 91,348

NOTE 16 – 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, 2018, 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 30907-2018

NOTE 17 – RELATED PARTY TRANSACTIONS

There were no material related party transactions during the year ended December 31, 2018.

NOTE 18 - SUBSEQUENT EVENTS

In preparing the financial statements, the County has evaluated events and transactions for potential recognition or disclosure through August 8, 2019. 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	516,107
Total	$ 516,107
McDuffie recognized pension expense	$ (6,438)
McDuffie recognized revenue from State of Georgia support	$ (6,438)

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, 2017 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, 2018

	Cash Basis			
	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Property tax	$ 3,633,986	$ 3,953,466	$ 4,151,961	$ 198,495
Property tax penalties	63,000	80,500	95,385	14,885
Prior year property tax	1,117,152	671,152	723,487	52,335
Local option sales tax	2,100,000	2,107,000	2,106,887	(113)
LOST-TAVT	150,000	150,000	153,604	3,604
TAV - administration	40,000	40,000	33,172	(6,828)
SPLOST - TAVT	210,000	277,500	230,118	(47,382)
Alcohol beverage tax	235,000	235,000	209,112	(25,888)
Insurance premium tax	900,000	938,000	938,225	225
Excise tax	275,000	300,000	299,750	(250)
Franchise tax	90,000	90,000	80,560	(9,440)
Motor vehicle tax	132,041	132,041	114,465	(17,576)
AAVT tax	10,000	10,000	10,663	663
True up tax	250,000	250,000	296,814	46,814
Mobile home tax	50,231	50,231	57,262	7,031
Mobile home tax penalties	8,000	8,000	11,493	3,493
Timber tax	21,372	21,372	31,006	9,634
Light district	30,000	30,000	29,521	(479)
Railroad tax	7,000	7,000	8,209	1,209
Payments in lieu of tax	40,000	40,000	38,660	(1,340)
Commissions	275,000	275,000	279,742	4,742
FIFA	26,000	31,000	37,432	6,432
Motor vehicle late fee tax	43,000	43,000	42,665	(335)
BK lic tax	50,000	50,000	37,384	(12,616)
Equipment tax	5,000	5,000	46	(4,954)
Penalties and fines	33,000	33,000	27,595	(5,405)
Total taxes	9,794,782	9,828,262	10,045,218	216,956
Licenses and permits				
Beer and wine licenses	8,000	8,000	8,200	200
Alcohol licenses	20,000	20,000	18,700	(1,300)
Business licenses	65,000	65,000	66,054	1,054
Building permits and licenses	87,000	87,000	100,625	13,625
Total licenses and permits	180,000	180,000	193,579	13,579
Intergovernmental				
Reimbursements	1,374,499	1,480,499	1,409,796	(70,703)
Government center - City of Thomson	114,700	114,700	113,609	(1,091)
Home delivered meals	11,500	11,500	8,614	(2,886)
Grants	43,145	77,245	77,192	(53)
Tax assessor	2,500	2,500	2,184	(316)
Total intergovernmental	1,546,344	1,686,444	1,611,395	(75,049)
Charges for services				
Recreation fees	92,310	92,310	77,578	(14,732)
Campground rentals	70,000	85,000	84,591	(409)
Senior citizens fees	20,000	20,000	16,472	(3,528)
Rent	155,218	155,218	144,029	(11,189)
Animal shelter	6,500	6,500	35,955	29,455
Sheriff	482,760	482,760	424,160	(58,600)
Sheriff administration	148,520	148,520	185,138	36,618
Transportation	99,261	99,261	103,472	4,211
Public works	3,050	3,050	2,359	(691)
EMS	1,662,070	1,662,070	1,337,735	(324,335)
Vending machine	1,200	1,200	1,428	228
Fire fees	13,000	13,000	7,465	(5,535)
Total charges for services	2,753,889	2,768,889	2,420,382	(348,507)

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, 2018

	Cash Basis			
	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES - Continued				
Fines and forfeitures				
Superior court fines and fees	$ 210,500	$ 210,500	$ 208,214	$ (2,286)
Probate court fines and fees	687,010	687,010	321,656	(365,354)
Magistrate court fines and fees	82,000	82,000	77,058	(4,942)
Total fines and forfeitures	979,510	979,510	606,928	(372,582)
Other				
Flood control	2,000	2,000	1,820	(180)
Interest	1,100	1,100	5,438	4,338
Surplus sales	10,000	10,000	350	(9,650)
Election qual	1,000	1,000	530	(470)
Airport-GA	2,000	2,000	1,039	(961)
Bad check	500	500	10	(490)
Employee relations	10,000	10,000	8,558	(1,442)
Miscellaneous	22,500	33,500	37,189	3,689
Total other	49,100	60,100	54,934	(5,166)
Total revenues	15,303,625	15,503,205	14,932,436	(570,769)
EXPENDITURES				
General government				
Governing body	250,455	251,319	247,802	(3,517)
County manager	242,714	249,532	249,169	(363)
Elections office	217,851	243,591	243,067	(524)
Administration	1,504,848	1,159,594	1,063,097	(96,497)
Government center complex	115,465	115,927	96,557	(19,370)
Finance	283,974	288,419	278,251	(10,168)
Technical support	358,025	361,713	270,505	(91,208)
Tax commissioner	329,341	354,006	353,502	(504)
Tax assessor	399,758	428,380	410,506	(17,874)
Board of equalization	4,247	4,547	4,539	(8)
General government buildings	191,914	194,675	190,996	(3,679)
Superior court	148,869	148,869	127,820	(21,049)
Clerk of superior court	366,335	369,763	369,406	(357)
District attorney	85,252	105,929	103,634	(2,295)
Child support	7,500	7,500	5,167	(2,333)
Magistrate court	166,977	168,211	158,853	(9,358)
Probate court	193,891	195,379	191,978	(3,401)
Juvenile court	139,563	139,563	120,264	(19,299)
Public defender	93,185	94,400	90,612	(3,788)
Planning and zoning	272,649	277,647	240,802	(36,845)
Total general government	5,372,813	5,158,964	4,816,527	(342,437)

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, 2018

	Cash Basis			
	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES - Continued				
Public safety				
Sheriff	$ 3,845,929	$ 3,894,422	$ 3,424,016	$ (470,406)
Sheriff administrative	148,520	148,520	98,599	(49,921)
Fire	2,547,226	2,687,565	2,679,424	(8,141)
Emergency management	65,990	66,805	65,268	(1,537)
Coroner	22,089	32,080	29,410	(2,670)
Total public safety	6,629,754	6,829,392	6,296,717	(532,675)
Highways and streets				
Vehicle and equipment maintenance	224,237	227,696	183,462	(44,234)
Public works	1,140,120	1,242,612	1,230,225	(12,387)
Total highways and streets	1,364,357	1,470,308	1,413,687	(56,621)
Health and welfare				
Family and children services	30,500	30,500	21,123	(9,377)
Health department	117,150	119,150	119,102	(48)
Rural transportation	192,799	244,339	243,412	(927)
Senior citizens	131,951	149,229	147,561	(1,668)
Soil & waste conservation	500	500	350	(150)
Home delivered meals	72,359	77,736	76,623	(1,113)
Total health and welfare	545,259	621,454	608,171	(13,283)
Culture and recreation				
Library	88,278	88,278	88,278	-
Boys and Girls Club	4,900	4,900	4,512	(388)
Rockhouse	3,000	3,000	2,757	(243)
Raysville campground	36,400	42,600	42,530	(70)
Recreation	765,063	752,075	746,610	(5,465)
Development Authority	95,790	105,540	98,367	(7,173)
Total culture and recreation	993,431	996,393	983,054	(13,339)
Other				
Cooperative extension service	93,330	93,330	87,524	(5,806)
Airport	77,800	77,800	77,355	(445)
Forestry	9,014	9,014	9,014	-
Lawn care services	50,017	54,518	54,454	(64)
Employee relations	10,000	10,000	5,557	(4,443)
Recycling center	71,364	90,874	90,871	(3)
Animal shelter	96,566	101,238	101,182	(56)
Total other	408,091	436,774	425,957	(10,817)
Total Expenditures	15,313,705	15,513,285	14,544,113	(969,172)
Other financing sources				
Transfer in	10,080	10,080	29,940	19,860
Net change in fund balance	$ -	$ -	$ 418,263	$ 418,263
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities			591,886	
FUND BALANCE, BEGINNING OF YEAR			6,096,493	
FUND BALANCE, END OF YEAR			$ 7,106,642	

MCDUFFIE COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY-
ACCG PENSION PLAN FOR MCDUFFIE COUNTY EMPLOYEES
FOR THE YEAR ENDED DECEMBER 31, 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	$ 422,092	$ 439,023	$ 435,778	$ 390,773
Contribution in Relation to the Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	422,092	439,023	435,778	390,773
Contributions Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	$ 4,008,169	$ 3,943,434	$ 3,706,447	$ 3,821,798
Contribution as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	10.5%	11.1%	11.8%	10.2%

MCDUFFIE COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS-
ACCG PENSION PLAN FOR MCDUFFIE COUNTY EMPLOYEES
FOR THE YEAR ENDED DECEMBER 31, 2018

For the Year Ended December 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net pension liability	N/A	N/A	N/A	N/A	N/A	N/A	$ 1,111,156	$ 1,679,221	$ 1,808,471	$ 602,704
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	4,008,169	3,810,081	3,581,137	3,821,798
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	27.70%	44.10%	50.50%	15.80%
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	N/A	N/A	87.70%	82.50%	82.40%	94.10%

MCDUFFIE COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2018 (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	234,867	(46,446)	(6,483)	(109,751)	308,677	135,243
Total	$ 234,867	$ (46,446)	$ (6,483)	$ (109,751)	$ 308,677	$ 135,243
McDuffie County's covered-empoyee payroll	$ 61,240	$ 80,000	$ 1,484,542	$ 67,514	$ 94,499	$ 828,798
McDuffie 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	76.33%	111.77%	101.62%	123.99%	65.34%	83.74%

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 SERVICE 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, 2018

	Special Revenue Funds										Capital Projects Funds						
	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	$ 183,039	$ 15,902	$ 47,810	$ 287,481	$ 41,335	$ -	$ 51,545	$ 66,537	$ 257,804	$ 53,354	$ 100	$ 364,039	$ 168,544	$ 200	$ 5,036	$ 13,050	$ 1,555,776
Investments	-	-	-	-	-	-	-	-	-	-	-	-	161	-	-	-	161
Due from other funds	-	-	-	-	-	98,908	-	-	-	-	-	-	-	-	-	-	98,908
Other receivables	-	-	-	-	-	15,904	-	-	-	60,528	-	-	-	-	-	-	76,432
Intergovernmental receivables	2,730	-	-	1,738	-	-	-	-	-	-	-	-	-	-	-	-	4,468
Total Assets	$ 185,769	$ 15,902	$ 47,810	$ 289,219	$ 41,335	$ 114,812	$ 51,545	$ 66,537	$ 257,804	$ 113,882	$ 100	$ 364,039	$ 168,705	$ 200	$ 5,036	$ 13,050	$ 1,735,745
Liabilities and Fund Balances																	
Liabilities																	
Accounts payable	$ 613	$ -	$ -	$ 100	$ 10,726	$ 23,318	$ 100	$ 1,480	$ -	$ 28,196	$ 100	$ 341	$ 412	$ 551	$ 100	$ -	$ 66,037
Accrued liabilities	-	-	-	-	-	146	-	-	-	1,704	-	-	-	-	-	-	1,850
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	215	-	-	-	-	-	-	-	-	-	-	-	-	-	-	215
Total Liabilities	613	215	-	100	10,726	23,464	100	1,480	-	29,900	100	341	412	551	100	-	68,102
Fund balances																	
Capital Projects	-	-	-	-	-	-	-	-	-	-	-	363,698	168,293	-	4,936	-	536,927
Special Revenues	185,156	15,687	47,810	289,119	30,609	91,348	51,445	65,057	257,804	83,982	-	-	-	(351)	-	-	1,117,666
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,050	13,050
Total Fund Balances	185,156	15,687	47,810	289,119	30,609	91,348	51,445	65,057	257,804	83,982	-	363,698	168,293	(351)	4,936	13,050	1,667,643
Total Liabilities and Fund Balances	$ 185,769	$ 15,902	$ 47,810	$ 289,219	$ 41,335	$ 114,812	$ 51,545	$ 66,537	$ 257,804	$ 113,882	$ 100	$ 364,039	$ 168,705	$ 200	$ 5,036	$ 13,050	$ 1,735,745

MCDUFFIE COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds										Capital Projects Funds						
	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
Revenues																	
Fees for services	$ -	$ -	$ 298	$ -	$ 112,469	$ 711	$ -	$ 36,495	$ -	$ -	$ -	$ -	$ -	$ 327,039	$ -	$ -	$ 477,012
Fines and forfeitures	44,917	12,591	-	25,544	-	-	-	-	-	-	-	-	-	-	-	-	83,052
Intergovernmental	-	-	-	-	2,500	-	-	-	-	-	-	-	-	251,171	-	-	253,671
Interest income	-	7	-	-	-	-	-	-	1	-	-	1,522	2,510	-	58	895	4,993
Other	8,914	-	-	-	-	-	-	-	-	370,054	-	-	-	-	-	-	378,968
Taxes	-	-	-	-	-	-	244,981	-	-	-	459,219	-	-	-	-	-	704,200
Total Revenues	53,831	12,598	298	25,544	114,969	245,692	-	36,495	1	370,054	459,219	1,522	2,510	578,210	58	895	1,901,896
Expenditures																	
Current																	
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General government	-	-	-	7,382	-	-	-	-	-	-	-	-	66,690	351	-	-	74,423
Public safety	29,410	-	250	-	94,128	-	-	-	-	594,493	-	-	-	-	-	-	718,281
Public works	-	-	-	-	-	-	-	-	-	-	-	-	82,990	327,039	-	-	410,029
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	9,177	-	-	-	41,543	312	-	21,739	-	72,771
Health and welfare	-	-	-	-	-	-	-	-	21,808	-	-	-	-	-	-	-	21,808
Economic development	-	-	-	-	-	201,297	-	-	-	-	-	-	-	-	-	-	201,297
Judicial	-	12,584	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,584
Capital outlay															-		
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	251,171	-	-	251,171
Public works			-	-	-	-	-	-	-	-	479,129	-	-	-	-	-	479,129
Public safety	71,804	-	-	-	-	-	147,480	-	-	-	-	-	-	-	-	-	219,284
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service:																	
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,690,000	1,690,000
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	184,525	184,525
Total Expenditures	101,214	12,584	250	7,382	94,128	201,297	147,480	9,177	21,808	594,493	479,129	41,543	149,992	578,561	21,739	1,874,525	4,335,302
Excess (deficiency) of revenues over expenditures	(47,383)	14	48	18,162	20,841	44,395	(147,480)	27,318	(21,807)	(224,439)	(19,910)	(40,021)	(147,482)	(351)	(21,681)	(1,873,630)	(2,433,406)
Transfers in	-	-	-	-	-	-	-	-	2,275	481,966	-	-	-	-	-	1,874,525	2,358,766
Transfers out	-	-	-	-	(4,844)	(80,261)	-	(96,303)	-	(216,841)	-	-	-	-	-	-	(398,249)
Net Change	(47,383)	14	48	18,162	15,997	(35,866)	(147,480)	(68,985)	(19,532)	40,686	(19,910)	(40,021)	(147,482)	(351)	(21,681)	895	(472,889)
FUND BALANCES, BEGINNING OF YEAR	232,539	15,673	47,762	270,957	14,612	127,214	198,925	134,042	277,336	43,296	19,910	403,719	315,775	-	26,617	12,155	2,140,532
FUND BALANCES, END OF YEAR	$ 185,156	$ 15,687	$ 47,810	$ 289,119	$ 30,609	$ 91,348	$ 51,445	$ 65,057	$ 257,804	$ 83,982	$ -	$ 363,698	$ 168,293	$ (351)	$ 4,936	$ 13,050	$ 1,667,643

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Interest	$ 1,000	$ 1,000	$ 895	$ (105)
Prior year	-	-	-	-
Total Revenues	1,000	1,000	895	(105)
Expenditures				
General government	1,900,300	1,900,300	1,874,525	(25,775)
Total Expenditures	1,900,300	1,900,300	1,874,525	(25,775)
Other Financing Sources				
Transfers	1,899,300	1,899,300	1,874,525	(24,775)
Net Change in Fund Balance	$ -	$ -	895	$ 895
Fund Balance, beginning of year			12,155	
Fund Balance, end of year			$ 13,050	

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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 47,500	$ 47,500	$ 44,453	$ (3,047)
Prior year	154,500	154,500	8,914	(145,586)
Total Revenues	202,000	202,000	53,367	(148,633)
Expenditures				
Public safety	68,000	68,000	28,897	(39,103)
Capital outlay	134,000	134,000	71,804	(62,196)
Total Expenditures	202,000	202,000	100,701	(101,299)
Net Change in Fund Balance	$ -	$ -	(47,334)	$ (47,334)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			(49)	
Fund Balance, beginning of year			232,539	
Fund Balance, end of year			$ 185,156	

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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 6,890	$ 6,890	$ 12,591	$ 5,701
Interest income	20	20	7	(13)
Other	-	-	-	-
Prior year	17,382	17,382	-	(17,382)
Total Revenues	24,292	24,292	12,598	(11,694)
Expenditures				
General government	24,292	24,292	13,553	(10,739)
Total Expenditures	24,292	24,292	13,553	(10,739)
Net Change in Fund Balance	$ -	$ -	(955)	$ (955)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			969	
Fund Balance, beginning of year			15,673	
Fund Balance, end of year			$ 15,687	

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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fees for services	$ 1,000	$ 1,000	$ 298	$ (702)
Total Revenues	1,000	1,000	298	(702)
Expenditures				
Public safety	1,000	1,000	250	(750)
Total Expenditures	1,000	1,000	250	(750)
Net Change in Fund Balance	$ -	$ -	48	$ 48
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			-	
Fund Balance, beginning of year			47,762	
Fund Balance, end of year			$ 47,810	

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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 29,000	$ 29,000	$ 24,886	$ (4,114)
Total Revenues	29,000	29,000	24,886	(4,114)
Expenditures				
Capital outlay	1,000	1,000	-	(1,000)
Public safety	28,000	28,000	7,382	(20,618)
Total Expenditures	29,000	29,000	7,382	(21,618)
Other Financing Sources				
Transfers	-	-	-	-
Net Change in Fund Balance	$ -	$ -	17,504	$ 17,504
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			658	
Fund Balance, beginning of year			270,957	
Fund Balance, end of year			$ 289,119	

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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Taxes	$ 275,000	$ 275,000	$ 242,673	$ (32,327)
Other	1,000	1,000	712	(288)
Total Revenues	276,000	276,000	243,385	(32,615)
Expenditures				
General government	195,739	195,739	183,631	(12,108)
Total Expenditures	195,739	195,739	183,631	(12,108)
Other Financing Sources				
Transfers	(80,261)	(80,261)	(80,261)	-
Net Change in Fund Balance	$ -	$ -	(20,507)	$ (20,507)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			(15,359)	
Fund Balance, beginning of year			127,214	
Fund Balance, end of year			$ 91,348	

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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fees for services	$ 410,000	$ 410,000	$ 367,036	$ (42,964)
Intergovernmental	532,968	532,968	481,965	(51,003)
Total Revenues	942,968	942,968	849,001	(93,967)
Expenditures				
Public safety	692,968	692,968	622,745	(70,223)
Total Expenditures	692,968	692,968	622,745	(70,223)
Other Financing Sources				
Transfers from General Fund	(250,000)	(250,000)	(216,841)	33,159
Net Change in Fund Balance	$ -	$ -	9,415	$ (23,744)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			31,271	
Fund Balance, beginning of year			43,296	
Fund Balance, end of year			$ 83,982	

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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fees for services	$ 33,000	$ 33,000	$ 36,495	$ 3,495
Prior year	-	71,060	-	(71,060)
Total Revenues	33,000	104,060	36,495	(67,565)
Expenditures				
Other	-	10,900	9,177	(1,723)
Capital outlay	33,000	93,160	52,860	(40,300)
Total Expenditures	33,000	104,060	62,037	(42,023)
Other Financing Sources				
Transfers	-	-	(41,963)	(41,963)
Net Change in Fund Balance	-	-	(67,505)	(67,505)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			(1,480)	
Fund Balance, beginning of year			134,042	
Fund Balance, end of year			$ 65,057	

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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Prior year	$ 179,700	$ 179,700	$ -	$ (179,700)
Total Revenues	179,700	179,700	-	(179,700)
Expenditures				
Capital outlay	179,700	179,700	147,480	(32,220)
Total Expenditures	179,700	179,700	147,480	(32,220)
Net Change in Fund Balance	$ -	$ -	(147,480)	$ (147,480)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			-	
Fund Balance, beginning of year			198,925	
Fund Balance, end of year			$ 51,445	

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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Federal	$ 2,000	$ 2,000	$ 2,275	$ 275
State	6,000	6,000	-	(6,000)
Interest			1	1
Prior year	61,700	61,700	-	(61,700)
Total Revenues	69,700	69,700	2,276	(67,424)
Expenditures				
Public safety	69,700	69,700	21,808	(47,892)
Total Expenditures	69,700	69,700	21,808	(47,892)
Net Change in Fund Balance	$ -	$ -	(19,532)	$ (19,532)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			-	
Fund Balance, beginning of year			277,336	
Fund Balance, end of year			$ 257,804	

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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Intergovernmental	$ 453,400	$ 483,400	$ 459,219	$ (24,181)
Total Revenues	453,400	483,400	459,219	(24,181)
Expenditures				
Public works	453,400	483,400	479,296	(4,104)
Total Expenditures	453,400	483,400	479,296	(4,104)
Net Change in Fund Balance	$ -	$ -	(20,077)	$ (20,077)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			167	
Fund Balance, beginning of year			19,910	
Fund Balance, end of year			$ -	

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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Fines and forfeitures	$ 121,005	$ 121,005	$ 114,969	$ (6,036)
Other	1,000	1,000	-	(1,000)
Prior year	-	-	-	-
Total Revenues	122,005	122,005	114,969	(7,036)
Expenditures				
Capital outlay	-	-	-	-
Public safety	116,005	116,005	98,821	(17,184)
Total Expenditures	116,005	116,005	98,821	(17,184)
Other Financing Sources				
Transfers	(6,000)	(6,000)	(4,844)	1,156
Net Change in Fund Balance	$ -	$ -	11,304	$ 11,304
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			4,693	
Fund Balance, beginning of year			14,612	
Fund Balance, end of year			$ 30,609	

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, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Interest	100	100	58	(42)
Prior year	30,000	30,000	-	(30,000)
Bond proceeds	-	-	-	-
Total Revenues	30,100	30,100	58	(30,042)
Expenditures				
Public works	30,100	30,100	21,739	(8,361)
Total Expenditures	30,100	30,100	21,739	(8,361)
Net Change in Fund Balance	$ -	$ -	(21,681)	$ (21,681)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			-	
Fund Balance, beginning of year			26,617	
Fund Balance, end of year			$ 4,936	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL
CDBG FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Intergovernmental	$ 756,000	$ 756,000	$ 578,210	$ (177,790)
Total Revenues	756,000	756,000	578,210	(177,790)
Expenditures				
Capital outlay	756,000	756,000	578,960	(177,040)
Total Expenditures	756,000	756,000	578,960	(177,040)
Net Change in Fund Balance	$ -	$ -	(750)	$ (750)
Reconciliation to GAAP Basis				
To record effect of changes in receivables and other assets and payables and other liabilities			399	
Fund Balance, beginning of year			-	
Fund Balance, end of year			$ (351)	

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, 2018

	Agency Funds					
	Clerk of Court	Probate Court	Sheriff	Tax Commissioner	Magistrate Court	Total
Assets						
Assets						
Cash	$ 284,563	$ 35,622	$ 136,224	$ 79,009	$ 29,130	$ 564,548
Total Assets	$ 284,563	$ 35,622	$ 136,224	$ 79,009	$ 29,130	$ 564,548
Liabilities						
Liabilities						
Due to others	$ 284,563	$ 35,622	$ 136,224	$ 79,009	$ 29,130	$ 564,548
Total Liabilities	$ 284,563	$ 35,622	$ 136,224	$ 79,009	$ 29,130	$ 564,548

MCDUFFIE COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Agency Funds					
	Clerk of Court	Probate Court	Sheriff	Tax Commissioner	Magistrate Court	Total
Assets						
Cash						
Balance at beginning of year	$249,502	$32,094	$136,224	$250,079	$26,410	$ 694,309
Additions	759,331	713,810	661,188	21,906,010	238,478	24,278,817
Deletions	724,270	710,282	726,702	22,077,080	235,758	24,474,092
Balance at end of year	284,563	35,622	70,710	79,009	29,130	499,034
Total Assets	$ 284,563	$ 35,622	$ 70,710	$ 79,009	$ 29,130	$ 499,034
Liabilities						
Due to others						
Balance at beginning of year	$249,502	$32,094	$136,224	$250,079	$26,410	$ 694,309
Additions	759,331	713,810	661,188	21,906,010	238,478	24,278,817
Deletions	724,270	710,282	726,702	22,077,080	235,758	24,474,092
Balance at end of year	284,563	35,622	70,710	79,009	29,130	499,034
Total Liabilities	$ 284,563	$ 35,622	$ 70,710	$ 79,009	$ 29,130	$ 499,034

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SUPPLEMENTARY INFORMATION

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2004-2008
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

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

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	1,369,504	-	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	41,222	2,748,493	98%
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	-	-	634	341	975	
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	$ 17,963,864	$ 41,563	$ 18,005,427	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2009-2014
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

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

Purpose (in funding sequence)	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
Funded simultaneously						
City of Thomson						
City street resurfacing	$ 700,000	$ 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	126,430	-	126,430	84%
Infrastructure	150,000	240,000	227,227	66,690	293,917	122%
Information technology	50,000	50,000	42,962	-	42,962	86%
Landscaping/signage	50,000	10,000	-	-	-	0%
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	1,525,572	82,990	1,608,562	99%
Airport						
Runway overlay	200,000	160,000	169,269	-	169,269	106%

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2009-2014
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

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	167,927	-	167,927	111%
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	176,788	-	176,788	100%
Advertising costs	-	-	663	312	975	
Banking fees	-	-	50	-	50	
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	$ 18,137,913	$ 149,992	$ 18,287,905	

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2015-2019
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

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	21,695	155,886	177,581	25%
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	74,154	221,805	89%
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	-	17,571	17,571	0%
Energy Efficiency Imporvement Projects						
County HVAC, lighting, plumbing	204,000	204,000	-	48,658	48,658	0%
Government Center Complex						
Government center debt	11,556,151	11,556,151	1,837,799	1,874,525	3,712,324	32%
Information Technology						
SCADA upgrades	75,000	75,000	-	-	-	0%
Computer applications and improvements	100,000	100,000	-	126,399	126,399	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, 2018

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	100,000	-	100,000	100%
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	400,000	12,660	412,660	103%
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%
Advertising costs	-	-	738	381	1,119	
	-	-	-	-	-	
TOTALS	$ 23,000,151	$ 23,000,151	$ 4,407,883	$ 2,310,234	$ 6,718,117	

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, 2018

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	$ 9,700	$ 251,171	$ 260,871	90%

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, 2018

Project:	Community Development Block Grant
Public Facilities:	Drainage/Streets Improvements
Grant Number:	16p-y-094-1-5867
Commencement of Project :	October 2016

Purpose	Original Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
Improvements	$ 445,506		$ 327,039	$ 327,039	73%

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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, 2018, 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 August 8, 2019. 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 Audit Group, LLC

The Baird Audit Group, LLC
Certified Public Accountants

Augusta, Georgia
August 8, 2019

COMPLIANCE SECTION

MCDUFFIE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 30, 2018

Federal Grantor/ Pass Thru Grantor/ Program Title	Federal CFDA Number	Grantor/ Contract Number	Program or Award Amount	Expenditures
U.S. Department of Transportation				
(Passed through Georgia Department of Transportation)				
Transit Operating Assistance	20.509	T0066181 FY19	$ 93,952	$ 44,994
Transit Operating Assistance	20.509	T0066181 FY18	$ 93,952	45,084
Total U.S. Department of Transportation				$ 90,078
U.S. Department of Health & Human Services				
(Passed through CSRA Regional Development Center)				
Title III/Social Service Block Grant	93.044	FY18	$ 15,000	$ 8,919
Title III/Social Service Block Grant	93.044	FY19	$ 15,000	11,330
				$ 20,249
(Passed through CSRA Regional Development Center)				
Transportation POS	20.513	2086-00-25-8202.0452	$ 49,535	$ 19,512
Transportation POS	20.513	2086-00-25-8202.0452	$ 56,166	30,806
				$ 50,318
(Passed through CSRA Regional Development Center)				
DFCS-TANF	93.558	2086-00-25-8202.0452	$ 49,535	$ 256
DFCS-TANF	93.558	2086-00-25-8202.0452	$ 56,166	208
				$ 464
(Passed through CSRA Regional Development Center)				
Community Block Grant/EOA Nutrition	93.569	FY18	$ 20,000	$ 15,600
Community Block Grant/EOA Nutrition	93.569	FY19	$ 21,000	5,357
				$ 20,957
Total U.S. Department of Health & Human Services				$ 91,988
Community Development Block Grant (CDBG)				
(Passed through Georgia Department of Community Affairs)				
Drainage/Streets Improvements	14.228	16p-y-094-1-5867	$ 445,506	$ 327,039
Community Home Investment Program	14.239	CH16YMCDU	$ 290,104	251,171
Total Community Development Block Grant (CDBG)				$ 578,210
Total Expenditures of Federal Awards				**$ 760,276**

MCDUFFIE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 30, 2018

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of McDuffie County, Georgia (the County) under programs of the federal government for the year ended December 31, 2018. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE 3 NON-CASH AWARDS

The County did not receive any non-cash federal awards during the year ended December 31, 2018.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
McDuffie County, Georgia

Report on Compliance for Each Major Federal Program

We have audited McDuffie County, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of McDuffie County, Georgia's major federal programs for the year ended December 31, 2018. McDuffie County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of McDuffie County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about McDuffie County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of McDuffie County, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, McDuffie County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of McDuffie County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered McDuffie County, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of McDuffie County, Georgia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Baird Audit Group, LLC

The Baird Audit Group, LLC
Certified Public Accountants

Augusta, Georgia
August 8, 2019

MCDUFFIE COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

I. Summary of Auditors' Results

A. The auditors' report expresses an unqualified opinion on the financial statements of McDuffie County, Georgia.

B. No significant deficiencies were disclosed during the audit of the financial statements.

C. No instances of noncompliance material to the financial statements of McDuffie County, Georgia, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

D. No significant deficiencies in internal controls over major federal award programs were disclosed during the audit.

E. The auditors' report on compliance for the major federal award programs for McDuffie County, Georgia expresses an unqualified opinion on all major federal programs.

F. Audit findings that are required to be reported in accordance with the Uniform Guidance are reported in this schedule.

G. Major federal program for McDuffie County, Georgia for the fiscal year ended December 31, 2018, are:

Program Name	**CFDA#**
Community Development Block Grant	
Drainage/Streets Improvement	14.228
Community Home Investment Program	14.239

H. The threshold for determining Type A programs for McDuffie County, Georgia is $750,000. The Two major programs listed above were type B programs

I. McDuffie County qualified as a low risk auditee but high-risk auditee for the major federal programs.