MITCHELL COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

MITCHELL COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

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FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
of Mitchell County, Georgia
Camilla, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of **Mitchell County, Georgia (the "County")**, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Mitchell County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mitchell County Board of Health, which represents 100%, of the assets, net position, and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mitchell County Board of Health, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 11) and the Schedule of Funding Progress on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mitchell County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2015, on our consideration of Mitchell 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 Mitchell County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Albany, Georgia
June 26, 2015

MITCHELL COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2014

Introduction

As County Administrator of Mitchell County, Georgia, I, along with the Board of Commissioners, offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Mitchell County for the year ended December 31, 2014. This discussion is intended to help provide a comprehensive understanding of the financial performance and condition of Mitchell County, Georgia taken as a whole. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the financial statements and the notes to the financial statements.

Fiscal Year 2014 is the tenth year Mitchell County has prepared its annual report in compliance with the financial reporting model, GASB 34. This reporting model is a combination of both government–wide financial statements and fund financial statements. As such, our basic financial statements contain three components:

1) Government-wide financial statements including the statement of net position and the statement of activities. These statements provide a broad, long-term overview of the County's finances based upon the driving factors of economic resources available.
2) Fund financial statements including balance sheet and statement of revenues, expenditures, and changes in fund balance. These statements focus more on the short-term performance of the County's finances based upon the current financial resources available.
3) Notes to financial statements.

The discussion and analysis will assist the reader by highlighting and summarizing in general terms the basic financial information contained within the annual report.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

Government-wide financial statements:

- At December 31, 2014, Mitchell County's assets exceeded its liabilities by $20,844,854 (net position).
- The County's $18,577,917 net investment in capital assets and $1,927,621 in unrestricted, leaves the County with $2,266,937 in net position of which $4,162,227 is restricted in governmental activities.
- Mitchell County, Georgia's total net position increased from $17,736,814 in the prior year to $20,844,854 in the current year, for a total increase of $3,108,040, or 17.52%.
- Mitchell County, Georgia's revenues for fiscal year 2014 totaled $20,469,545. Of this amount, 60% are property tax revenues, 12% are sales tax revenues, 5% are other tax revenues, 15% are charges for services and the remaining 8% are other revenues. This is a 3% decrease over fiscal year 2013 revenues.
- Mitchell County, Georgia's total program expenses for fiscal year 2014 totaled $17,361,505. Of this amount, 36% are public safety expenses, 20% are general governmental expenses, 2% are housing and development expenses, 27% are public works expenses and the remaining 15% are other expenses. This is a 0.4% decrease over fiscal year 2013 expenses.

Governmental funds financial statements:

- Mitchell County, Georgia's governmental funds recorded total assets of $12,328,744 for the year ended December 31, 2014. This amount is over the total governmental funds liabilities and deferred inflows of resources by $10,630,585 (fund balance).

- Total governmental fund's fund balances for the year ending December 31, 2014 increased by $2,335,293 from the previous year. This increase was a result of a $1,906,347 increase in the General Fund, a $332,329 increase in the 2012-2017 Sales Tax Fund, and a $96,617 increase in Nonmajor Governmental Funds.
- Total governmental fund balance is $10,630,585, with $5,806,160 classified as unassigned.
- Total revenues for the General Fund were over budgeted amounts by $1,412,959 or approximately 9.4% and total expenditures for the General Fund were under budget by $533,049, or approximately 3.6%.

Overview of the Financial Statements

The reporting model for the Government-Wide Financial Statements is designed to provide readers with a broad overview of the County's financial performance over the past year and the resulting condition thereof. The statements resemble those of private sector business by taking on an "economic resource" approach as opposed to a "current resource" approach traditionally found in Fund Financial Statements. Additionally, this Management Discussion & Analysis helps highlight and emphasize in plain language the events that have occurred over the past year to bring about the current financial condition of the County. I encourage readers to review all of the basic financial statements, along with the MD&A and supplementary information in order to fully understand the overall financial position of Mitchell County, Georgia.

Reporting on the County as a Whole

The model of financial reporting, which includes the Statement of Net Position and the Statement of Activities beginning on page 13, helps readers identify whether or not the County as a whole is in better condition as a result of the events that have taken place over the past year. These statements capture *all* assets and liabilities using the *accrual basis of accounting.* This format of accounting resembles that used by most private-sector companies by recording all of the current year's revenues and expenses regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, the County is presented in two distinct activities:

- Governmental Activities – This section reports most of the familiar governmental services: general government, judicial, public safety, public works, health and welfare, recreation, and housing and development. The majority of funding for these programs comes from property taxes, sales tax, charges for services, and fines & forfeitures.
- Business-type Activities – This section reports activities that are financed and operated in a manner similar to private business enterprises where the intent of the governing authority is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing authority has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. For purposes of this paragraph, the term "costs" means expenses, including depreciation.

- Component units – There is one component unit report, the Mitchell County Board of Health. Although this unit is a legally separate entity, it is important because the County has a significant financial interest in this unit.

Reporting on the County's Most Significant Funds

The Fund Financial Statements beginning on page 15 provide a more detailed look at the County's most significant funds – not the County as a whole. While some funds are required by State law, others are established by the Board of Commissioners to help control budgets and financing for specific purposes. The County maintains three categories of funds: Governmental, Proprietary and Fiduciary.

- Governmental Funds – As you might expect; most of the familiar governmental services (general government, judiciary, public safety, public works, health and welfare, recreation, housing and development) are captured and reported in Governmental Funds. These funds use a method of accounting called the modified accrual approach. This method of accounting measures cash and other financial assets that can be readily converted into cash. The Governmental Funds provide a short-term view of the County's general government operations and services, and help determine the amount of financial resources that are available in the near future to fund County programs. On page 17 is the reconciliation between the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds and the Statements of Activities.
- Proprietary Funds - The County maintains two type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water and Sewer System Fund and on internal service fund to account for its Self-Insurance Health Benefit Fund. The accounting method used for these funds is much like that used for a business, the *full accrual* method.
- Fiduciary Funds - These funds are established to report on assets being held by the County for the benefit of parties outside the County. Although these funds are presented in the Fund Financial statements, they do not appear in the Government-wide statements because the resources of these funds are not available to support the programs of Mitchell County Local Government. The accounting method used for these funds is much like that used for proprietary funds, the *full accrual* method.

Mitchell County Government-Wide Financial Analysis

The following table presents a summary of the Statement of Net Position for the County as of December 31, 2014 and 2013.

Table 1
Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	**$ 12,342,411**	$ 10,760,859	**$ 75,950**	$ 36,851	**$ 12,418,361**	$ 10,797,710
Capital Assets	**18,874,250**	18,661,874	**614,542**	656,724	**19,488,792**	19,318,598
Total Assets	**31,216,661**	29,422,733	**690,492**	693,575	**31,907,153**	30,116,308
Long-term Liabilities	**9,138,740**	9,752,549	**96,760**	126,279	**9,235,500**	9,878,828
Other Liabilities	**1,797,486**	2,471,643	**29,313**	29,023	**1,826,799**	2,500,666
Total Liabilities	**10,936,226**	12,224,192	**126,073**	155,302	**11,062,299**	12,379,494
Net Position:						
Net Investment in Capital Assets	**18,088,714**	17,929,209	**489,203**	506,100	**18,577,917**	18,435,309
Restricted	**4,194,558**	4,875,598	**-**	-	**4,194,558**	4,875,598
Unrestricted	**(2,002,837)**	(5,606,266)	**75,216**	32,173	**(1,927,621)**	(5,574,093)
Total Net Position	**$ 20,280,435**	$ 17,198,541	**$ 564,419**	$ 538,273	**$ 20,844,854**	$ 17,736,814

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $20,844,854 at the close of the most recent fiscal year.

By far the largest portion of the County's net position (89 percent) reflects its investment in capital assets (e.g., land, building machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (20 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is ($1,927,621) and an increase in the millage rate has been approved by the Board of Commissioners to satisfy the guarantee of the FUEL bonds and to eliminate the deficit in unrestricted net position.

The following table summarizes the changes in net position for the primary government for the fiscal years ended December 31, 2014 and 2013.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	**$ 2,655,078**	$ 2,381,552	**$ 428,687**	$ 403,165	**$ 3,083,765**	$ 2,784,717
Operating grants	**984,346**	1,178,885	**-**	-	**984,346**	1,178,885
Capital grants	**714,387**	762,937	**-**	-	**714,387**	762,937
General revenue:						
Property taxes	**12,318,025**	12,011,251	**-**	-	**12,318,025**	12,011,251
Sales taxes	**2,380,511**	2,390,329	**-**	-	**2,380,511**	2,390,329
Insurance premium taxes	**643,178**	599,240	**-**	-	**643,178**	599,240
Other taxes	**282,761**	28,758	**-**	-	**282,761**	28,758
Unrestricted investment earnings	**11,421**	11,554	**-**	-	**11,421**	11,554
Gain on sale of assets	**51,151**	98,290	**-**	-	**51,151**	98,290
Total revenues	**20,040,858**	19,462,796	**428,687**	403,165	**20,469,545**	19,865,961
Program expenses:						
General government	**3,401,372**	3,030,012	**-**	-	**3,401,372**	3,030,012
Judicial	**1,317,947**	1,047,060	**-**	-	**1,317,947**	1,047,060
Public safety	**6,250,278**	5,985,691	**-**	-	**6,250,278**	5,985,691
Public works	**4,728,001**	4,870,394	**-**	-	**4,728,001**	4,870,394
Health and welfare	**161,950**	161,615	**-**	-	**161,950**	161,615
Recreation	**347,843**	316,368	**-**	-	**347,843**	316,368
Housing and development	**419,953**	340,259	**-**	-	**419,953**	340,259
Interest on long-term debt	**550,397**	607,578	**-**	-	**550,397**	607,578
Water	**-**	-	**183,764**	152,482	**183,764**	152,482
Self-insurance health benefit	**-**	-	**-**	-	**-**	-
Total expenses	**17,177,741**	16,358,977	**183,764**	152,482	**17,361,505**	16,511,459
Excess (deficiency)	**2,863,117**	3,103,819	**244,923**	250,683	**3,108,040**	3,354,502
Transfers	**218,777**	261,043	**(218,777)**	(261,043)	**-**	-
Change in net position	**3,081,894**	3,364,862	**26,146**	(10,360)	**3,108,040**	3,354,502
Net position - beg of year, as restated	**17,198,541**	13,833,679	**538,273**	548,633	**17,736,814**	14,382,312
Net position - end of year	**$ 20,280,435**	$ 17,198,541	**$ 564,419**	$ 538,273	**$ 20,844,854**	$ 17,736,814

Total revenues for governmental activities exceed total expenses and transfers by $3,081,894. By review of Table 2, it is apparent that the bulk of revenues supporting governmental activities are attributable to property taxes, $12,318,025 or 61%, and charges for services $4,051,807 or 13%.

Additionally, Table 2 illustrates the bulk of governmental activities expense being reported within the program of public safety, reporting expenses of $6,250,278 or 36%, with the second largest expense attributable to public works with expenses of $4,728,001 or 28%.

Governmental Activities

The current reporting model provides users with an understanding of how governmental activities are fully supported. Table 3 will help illustrate how these programs fall short of supporting themselves and must therefore rely on general revenues such as property tax, sales tax, fines and grants. The table lists the total cost of each program, and the final net cost (total cost less revenues generated by the program).

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2014	**2013**	**2014**	**2013**
General government	**$ 3,401,372**	$ 3,030,012	**$ 3,017,350**	$ 2,874,359
Judicial	**1,317,947**	1,047,060	**1,317,947**	1,039,046
Public safety	**6,250,278**	5,985,691	**4,091,458**	3,793,071
Public works	**4,728,001**	4,870,394	**3,675,043**	2,905,854
Health and welfare	**161,950**	161,615	**161,950**	160,379
Recreation	**347,843**	316,368	**292,552**	271,180
Housing and development	**419,953**	340,259	**(282,767)**	263,592
Interest on long-term debt	**550,397**	607,578	**550,397**	607,578
Totals	**$ 17,177,741**	$ 16,358,977	**$ 12,823,930**	$ 11,915,059

As noted in the above table, governmental programs fell $12,823,930 short of supporting themselves through direct revenues attributable to those programs. As a result, citizens support these programs through payment of property taxes, sales taxes, and other taxes.

While the County was able to support its Governmental Activities, it should be noted that a few significant factors affected total revenues for the year ended December 31, 2014.

The County's Major Governmental Funds

At the end of fiscal year 2014, the County reported its governmental funds (as presented in the balance sheet on page 15) having a combined fund balance of $10,630,585. This balance increased by $2,335,293 from prior year's balance. The statement of revenues, expenditures and changes in fund balances presented on page 16 reports fund balance of $6,348,086 in the General Fund, $3,084,760 was reported for 2012-2017 Sales Tax Fund and $1,197,739 for Nonmajor Governmental Funds.

Revenues for the General Fund totaled $16,390,034, or approximately 83% of total governmental revenues reported in the statement of revenues, expenditures and changes in fund balance presented on page 16. Of this amount, $12,129,639 (74%) was collected through property taxes, with second largest source of revenues reported in the line item of charges for services, $1,197,782 (7%).

Expenditures for the General Fund totaled $14,386,651 (not including other financing uses). Revenues exceeded expenditures by $2,003,383.

General Fund Budgetary Highlights

Total revenues in the General Fund were over budgeted amounts by $1,412,959, or approximately 9.4%. This final result is a combination of both positive and negative variances as reported on the General Fund Budgetary Comparison Statement presented on pages 18 and 19. The largest positive variance, $359,171 is reported in the line item of intergovernmental revenues.

General Fund expenditures (not including other financing uses) for the year ended December 31, 2014 were under budget by $533,049, or approximately 3.6%. The largest area of variance of $322,735 was negative and is reported within public works category.

Capital Asset and Debt Administration

Mitchell County, Georgia's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounts to $19,488,792 (net of accumulated depreciation). This is an increase of $170,194 from last year. The decrease is mostly due the depreciation of capital assets. Table 4 is summary data of capital assets.

Table 4
Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities	Business-type Activities	Total
Land	$ 3,058,069	$ 81,920	$ 3,139,989
Construction in progress	841,306	-	841,306
Buildings	4,613,987	346,151	4,960,138
Infrastructure	8,780,093	186,471	8,966,564
Vehicles and equipment	1,580,795	-	1,580,795
Totals	$ 18,874,250	$ 614,542	$ 19,488,792

It should be noted that the majority of the capital assets in Mitchell County, Georgia have been obtained through the use of Special Purpose Local Option Sales Tax (SPLOST). Currently, the County is approximately 95% complete with the 2006 SPLOST program. More detail on the County's capital assets can be found in Note 6, pages 36-38 of the Notes to the Financial Statements.

At year end, the County had a total of $10,207,990 in outstanding long term liabilities which includes $2,879,343 in closure and post closure care costs for the Mitchell County Landfill and the balance being notes payable, bonds payable, capital leases and compensated absences. More information regarding the County's long-term debt can be found in Note 7, pages 38-41, and short-term debt can be found in Note 8, page 42 in the Notes to Financial Statements.

Other Economic Factors

The Board of Commissioners and the staff have considered several factors when establishing the FY14 budget including the effects rendered on the County as a result of the overall economic issues affecting the entire County as a result in decreasing SPLOST revenues, the continuing, but improving, impact of the 2009 mortgage crisis on the tax digest and the obligations due from the County's guarantee of FUEL bonds.

Finally, the Board of Commissioners, in conjunction with the County Administrator and staff will continue to develop various financial policies to help govern the way Mitchell County, Georgia does business. We now utilize standards that accurately track account balances on a monthly basis compared to budget that are reviewed and provided to the elected officials as well as supervisory staff to help insure the accuracy and integrity of the County's financial statements. We will continue to develop and implement standards that will ensure appropriate procurement procedures are followed and adherence to budget is achieved.

Contacting the County's Financial Management

This Annual Financial Report is designed to help citizens, taxpayers, customers, investors, and creditors evaluate the overall condition of Mitchell County, Georgia and the operations thereof. Additional details can be requested by mail at the following address: Mitchell County Board of Commissioners, P.O. Box 187, Camilla, Georgia 31730.

MITCHELL COUNTY, GEORGIA

STATEMENT OF NET POSITION

DECEMBER 31, 2014

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Mitchell County Board of Health
Cash and cash equivalents	$ 8,918,150	$ 41,350	$ 8,959,500	$ 383,706
Investments	250,014	-	250,014	-
Taxes receivable	2,412,410	-	2,412,410	-
Accounts receivable, net of allowances	69,302	34,600	103,902	6,448
Notes receivable	109,464	-	109,464	-
Due from other governments	13,943	-	13,943	19,039
Other assets	27,202	-	27,202	-
Restricted assets:				
Cash	541,926	-	541,926	-
Capital assets:				
Nondepreciable	3,899,375	81,920	3,981,295	-
Depreciable, net of accumulated depreciation	14,974,875	532,622	15,507,497	-
Total assets	31,216,661	690,492	31,907,153	409,193
LIABILITIES				
Outstanding checks in excess of bank balance	150,999	-	150,999	-
Accounts payable	355,764	-	355,764	19,200
Accrued liabilities	198,601	-	198,601	-
Claims payable	121,464	-	121,464	-
Due to other governments	27,481	-	27,481	-
Capital leases payable due within one year	91,547	-	91,547	-
Capital leases payable due in more than one year	693,989	-	693,989	-
Notes payable due within one year	-	28,726	28,726	-
Notes payable due in more than one year	-	96,613	96,613	-
Bonds payable due within one year	710,000	-	710,000	-
Bonds payable due in more than one year	5,530,000	-	5,530,000	-
Compensated absences due within one year	141,630	587	142,217	3,001
Compensated absences due more than one year	35,408	147	35,555	27,011
Closure and postclosure care costs	2,879,343	-	2,879,343	-
Total liabilities	10,936,226	126,073	11,062,299	49,212
NET POSITION				
Net investment in capital assets	18,088,714	489,203	18,577,917	-
Restricted for:				
Judicial	229,642	-	229,642	-
Victims Witness	2,101	-	2,101	-
Public safety	149,184	-	149,184	-
Economic development	91,031	-	91,031	-
Capital outlay	3,722,600	-	3,722,600	-
Special use	-	-	-	291,264
Unrestricted (deficit)	(2,002,837)	75,216	(1,927,621)	68,717
Total net position	$ 20,280,435	$ 564,419	$ 20,844,854	$ 359,981

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

MITCHELL COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 3,401,372	$ 384,022	$ -	$ -
Judicial	1,317,947	-	-	-
Public safety	6,250,278	2,136,708	14,466	7,646
Public works	4,728,001	67,716	969,880	15,362
Health and welfare	161,950	-	-	-
Recreation	347,843	54,884	-	407
Housing and development	419,953	11,748	-	690,972
Interest on long-term debt	550,397	-	-	-
Total governmental activities	17,177,741	2,655,078	984,346	714,387
Business-type activities:				
Water and sewer system	183,764	428,687	-	-
Total business-type activities	183,764	428,687	-	-
Total primary government	$ 17,361,505	$ 3,083,765	$ 984,346	$ 714,387
Component unit:				
Mitchell County Board of Health	702,365	280,284	398,958	-
Total component units	$ 702,365	$ 280,284	$ 398,958	$ -
General revenues:				
Property taxes				
Sales taxes				
Franchise fees				
Insurance premium tax				
Other taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year, as restated				
Net position, end of year				

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Mitchell County Board of Health
$ (3,017,350)	$ -	$ (3,017,350)	$ -
(1,317,947)	-	(1,317,947)	-
(4,091,458)	-	(4,091,458)	-
(3,675,043)	-	(3,675,043)	-
(161,950)	-	(161,950)	-
(292,552)	-	(292,552)	-
282,767	-	282,767	-
(550,397)	-	(550,397)	-
(12,823,930)	-	(12,823,930)	-
-	244,923	244,923	-
-	244,923	244,923	-
(12,823,930)	244,923	(12,579,007)	-
-	-	-	(23,123)
$ -	$ -	$ -	$ (23,123)
$ 12,318,025	$ -	$ 12,318,025	$ -
2,380,511	-	2,380,511	-
25,427	-	25,427	-
643,178	-	643,178	-
257,334	-	257,334	-
11,421	-	11,421	-
51,151	-	51,151	-
218,777	(218,777)	-	-
15,905,824	(218,777)	15,687,047	-
3,081,894	26,146	3,108,040	(23,123)
17,198,541	538,273	17,736,814	383,104
$ 20,280,435	$ 564,419	$ 20,844,854	$ 359,981

MITCHELL COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2014

ASSETS	General Fund	2012-2017 Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 5,177,956	$ 2,911,291	$ 828,903	$ 8,918,150
Investments	-	-	250,014	250,014
Taxes receivables	2,208,414	203,996	-	2,412,410
Accounts receivables, net of allowances	69,302	-	-	69,302
Notes receivable	-	-	109,464	109,464
Due from other funds	735	-	12,800	13,535
Due from other governments	-	-	13,943	13,943
Restricted cash	541,926	-	-	541,926
Total assets	$ 7,998,333	$ 3,115,287	$ 1,215,124	$ 12,328,744
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 336,068	$ 5,753	$ 13,943	$ 355,764
Accrued liabilities	157,520	-	-	157,520
Due to other funds	12,800	-	735	13,535
Due to other governments	-	24,774	2,707	27,481
Total liabilities	506,388	30,527	17,385	554,300
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,143,859	-	-	1,143,859
Total deferred inflow of resources	1,143,859	-	-	1,143,859
FUND BALANCES				
Nonspendable:				
Long-term receivable	-	-	93,056	93,056
Restricted for:				
Judicial	-	-	229,642	229,642
Victims witness	2,101	-	-	2,101
Public safety	-	-	149,184	149,184
Economic development	-	-	91,031	91,031
Capital outlay	539,825	3,084,760	98,015	3,722,600
Committed for:				
Public safety	-	-	94,464	94,464
Public assistance	-	-	36,057	36,057
Housing and development	-	-	406,290	406,290
Unassigned	5,806,160	-	-	5,806,160
Total fund balances	6,348,086	3,084,760	1,197,739	10,630,585
Total liabilities, deferred inflows of resources, and fund balances	$ 7,998,333	$ 3,115,287	$ 1,215,124	

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.	18,874,250
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,143,859
Net pension asset is not a financial resource and therefore is not reported in governmental funds.	27,202
Internal service funds are used by management to charge the costs of risk management to the individual funds. The assets and liabilities of the internal service fund is included in governmental activities.	(272,463)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.	(10,122,998)
Net position of governmental activities	$ 20,280,435

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

MITCHELL COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	2012-2017 Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 12,129,639	$ -	$ -	$ 12,129,639
Sales taxes	247,196	2,133,315	-	2,380,511
Franchise taxes	25,427	-	-	25,427
Insurance premium taxes	643,178	-	-	643,178
Other taxes	257,334	-	-	257,334
Licenses and permits	22,991	-	-	22,991
Intergovernmental	991,671	-	690,957	1,682,628
Charges for services	1,197,782	-	462,433	1,660,215
Fines and forfeitures	449,361	-	69,623	518,984
Interest income	3,428	17,593	6,505	27,526
Other revenues	422,027	-	30,861	452,888
Total revenues	16,390,034	2,150,908	1,260,379	19,801,321
Expenditures				
Current:				
General government	3,358,945	-	-	3,358,945
Judicial	875,158	-	413,491	1,288,649
Public safety	5,084,303	-	821,222	5,905,525
Public works	2,975,878	-	171,115	3,146,993
Health and welfare	159,883	-	-	159,883
Recreation	340,178	-	-	340,178
Housing and development	292,195	-	97,761	389,956
Intergovernmental	-	714,451	-	714,451
Capital outlay	-	1,104,128	165,377	1,269,505
Debt service:				
Principal	747,500	-	16,686	764,186
Interest	552,611	-	2,131	554,742
Total expenditures	14,386,651	1,818,579	1,687,783	17,893,013
Excess (deficiency) of revenues over (under) expenditures	2,003,383	332,329	(427,404)	1,908,308
Other financing sources (uses)				
Proceeds from the sale of capital assets	48,151	-	3,000	51,151
Capital leases	-	-	157,057	157,057
Transfers in	228,777	-	373,964	602,741
Transfers out	(373,964)	-	(10,000)	(383,964)
Total other financing sources (uses)	(97,036)	-	524,021	426,985
Net change in fund balances	1,906,347	332,329	96,617	2,335,293
Fund balances, beginning of year	4,441,739	2,752,431	1,101,122	8,295,292
Fund balances, end of year	$ 6,348,086	$ 3,084,760	$ 1,197,739	$ 10,630,585

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

MITCHELL COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	2,335,293
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.		212,376
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		188,386
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		607,129
Under the modified accrual basis of accounting used in governmental funds, expenditures for landfill postclosure care cost are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, which is presented on the accrual basis, landfill postclosure expenses and liabilities are reported when incurred.		(42,552)
The internal service fund is used by management to charge the cost of employee health insurance to individual funds. The net expense of the internal service fund is reported with governmental activities.		(212,191)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(6,547)
Change in net position - governmental activities	$	3,081,894

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

MITCHELL COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 11,809,500	$ 11,809,500	$ 12,129,639	$ 320,139
Sales taxes	31,450	31,450	247,196	215,746
Franchise taxes	27,000	27,000	25,427	(1,573)
Insurance premium taxes	595,000	595,000	643,178	48,178
Other taxes	-	-	257,334	257,334
Licenses and permits	24,250	24,250	22,991	(1,259)
Intergovernmental	632,500	632,500	991,671	359,171
Charges for services	1,307,075	1,307,075	1,197,782	(109,293)
Fines and forfeitures	494,400	494,400	449,361	(45,039)
Interest revenue	2,000	2,000	3,428	1,428
Other revenues	53,900	53,900	422,027	368,127
Total revenues	14,977,075	14,977,075	16,390,034	1,412,959
Expenditures:				
Current:				
General government:				
Board of commissioners	265,900	265,900	70,530	195,370
Board of registrars	17,750	17,750	13,016	4,734
Commissioners office	324,300	324,300	345,309	(21,009)
General government	1,880,100	1,880,100	1,758,325	121,775
Tax commissioner	277,950	277,950	225,517	52,433
Tax assessor	348,575	348,575	333,421	15,154
Courthouse/public buildings	190,625	190,625	184,016	6,609
Other services	433,625	433,625	428,811	4,814
Total general government	3,738,825	3,738,825	3,358,945	379,880
Judicial:				
Superior court	81,525	81,525	59,974	21,551
Clerk of Superior court	265,250	265,250	254,856	10,394
Board of equalization	4,550	4,550	954	3,596
District attorney	29,350	29,350	41,745	(12,395)
State court	149,550	149,550	135,569	13,981
Magistrate court	177,375	177,375	166,686	10,689
Probate court	205,000	205,000	177,544	27,456
Juvenile court	43,600	43,600	37,830	5,770
Total judicial	956,200	956,200	875,158	81,042
Public safety:				
Sheriff	2,688,600	2,688,600	2,670,903	17,697
Corrections	1,855,350	1,855,350	1,543,449	311,901
Probation/community service	146,225	146,225	131,395	14,830
Volunteer fire association	227,675	227,675	232,185	(4,510)
Emergency medical services	395,125	395,125	401,855	(6,730)
Coroner	32,450	32,450	30,222	2,228
Animal control	73,550	73,550	58,766	14,784
Emergency management agency	16,200	16,200	15,528	672
Total public safety	5,435,175	5,435,175	5,084,303	350,872

(Continued)

MITCHELL COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures: (Continued)				
Current:				
Public works:				
Public works	$ 2,197,775	$ 2,197,775	$ 2,520,507	$ (322,732)
Landfill	494,425	494,425	455,371	39,054
Total public works	2,692,200	2,692,200	2,975,878	(283,678)
Health and welfare:				
Health centers	159,800	159,800	156,982	2,818
Public welfare	10,000	10,000	2,901	7,099
Total health and welfare	169,800	169,800	159,883	9,917
Recreation	333,150	333,150	340,178	(7,028)
Housing and development:				
NRCS - conservation office	17,225	17,225	13,433	3,792
Extension service	87,525	87,525	81,533	5,992
Planning and zoning	131,325	131,325	105,765	25,560
Development authority	95,825	95,825	91,464	4,361
Total housing and development	331,900	331,900	292,195	39,705
Debt service:				
Principal	1,217,450	1,217,450	747,500	469,950
Interest	45,000	45,000	552,611	(507,611)
Total debt service	1,262,450	1,262,450	1,300,111	(37,661)
Total expenditures	14,919,700	14,919,700	14,386,651	533,049
Excess of revenues over expenditures	57,375	57,375	2,003,383	1,946,008
Other financing sources (uses)				
Proceeds from sale of capital assets	20,000	20,000	48,151	28,151
Capital leases	162,500	162,500	-	(162,500)
Transfers in	328,500	328,500	228,777	(99,723)
Transfers out	(768,375)	(768,375)	(373,964)	394,411
Total other financing sources (uses)	(257,375)	(257,375)	(97,036)	160,339
Net change in fund balances	(200,000)	(200,000)	1,906,347	2,106,347
Fund balances, beginning of year	4,441,739	4,441,739	4,441,739	-
Fund balances, end of year	$ 4,241,739	$ 4,241,739	$ 6,348,086	$ 2,106,347

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

MITCHELL COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

DECEMBER 31, 2014

	Water and Sewer System	Governmental Activities - Internal Service Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 41,350	$ -
Accounts receivable	34,600	-
Total current assets	75,950	-
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable	81,920	-
Depreciable, net of accumulated depreciation	532,622	-
Total noncurrent assets	614,542	-
Total assets	690,492	-
LIABILITIES		
CURRENT LIABILITIES		
Outstanding checks in excess of bank balance	-	150,999
Claims payable	-	121,464
Current portion - notes payable	28,726	-
Current portion - compensated absences	587	-
Total current liabilities	29,313	272,463
NONCURRENT LIABILITIES		
Notes payable, net of current portion	96,613	-
Compensated absences, net of current portion	147	-
Total noncurrent liabilities	96,760	-
Total liabilities	126,073	272,463
NET POSITION (DEFICIT)		
Net investment in capital assets	489,203	-
Unrestricted (deficit)	75,216	(272,463)
Total net position (deficit)	$ 564,419	$ (272,463)

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

MITCHELL COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Water and Sewer System	Governmental Activities - Internal Service Fund
OPERATING REVENUES		
Charges for services	$ 428,687	$ 968,042
Total operating revenues	428,687	968,042
OPERATING EXPENSES		
Personal services	34,124	-
Cost of sales and services	38,385	-
Supplies	63,597	-
Claims	-	1,180,233
Depreciation	42,183	-
Total operating expenses	178,289	1,180,233
Operating income	250,398	(212,191)
NONOPERATING EXPENSES		
Interest expense	(5,475)	-
Total nonoperating expenses	(5,475)	-
Income before transfers	244,923	(212,191)
TRANSFERS		
Transfers out	(218,777)	-
Total transfers	(218,777)	-
Change in net position	26,146	(212,191)
NET POSITION (DEFICIT), beginning of year	538,273	(60,272)
NET POSITION (DEFICIT), end of year	$ 564,419	$ (272,463)

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

MITCHELL COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Water and Sewer System	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 430,938	$ 968,042
Payments to suppliers	(101,982)	(1,109,536)
Payments to employees	(38,068)	-
Net cash provided by (used in) operating activities	290,888	(141,494)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out	(218,777)	-
Net cash used in noncapital financing activities	(218,777)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on notes payable	(25,285)	-
Interest paid	(5,475)	-
Net cash used in capital and related financing activities	(30,761)	-
Increase (decrease) in cash and cash equivalents	41,350	(141,494)
Cash and cash equivalents:		
Beginning of year	-	(9,505)
End of year	$ 41,350	$ (150,999)
Classified as:		
Cash and cash equivalents	$ 41,350	$ -
Outstanding checks in excess of bank balance	-	(150,999)
	$ 41,350	$ (150,999)
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	$ 250,398	$ (212,191)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	42,183	-
Changes in assets and liabilities:		
Decrease in accounts receivable	2,251	-
Decrease in claims payable	-	70,697
Increase in compensated absences	(3,944)	-
Net cash provided by (used in) operating activities	$ 290,888	$ (141,494)

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

MITCHELL COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSET AND LIABILITIES
AGENCY FUNDS

DECEMBER 31, 2014

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 189,784
Taxes receivable	1,749,413
Total assets	$ 1,939,197
LIABILITIES	
Due to others	$ 189,784
Uncollected taxes	1,749,413
Total liabilities	$ 1,939,197

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with generally accepted accounting principles (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. The more significant of the County's accounting policies are described below.

A. Reporting Entity

Mitchell County, Georgia, (the "County") operates under a County Commissioner-Administrator form of government and provides the following services to the citizens of Mitchell County: public safety (police and fire), public works, recreation, judicial services, health and welfare services, housing and development, and general administrative services.

Based upon criteria set forth by Governmental Accounting Standards Board (GASB) Statement 14,"The Financial Reporting Entity" and Statement 61 "The Financial Reporting Entity: Omnibus on Amendment of GASB Statements No. 14 and 34", the financial statements of the reporting entity include those of Colquitt County, Georgia (the "primary government") and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Discretely Presented Component Unit

The **Mitchell County Board of Health** (the "Health Department") provides health services to the citizens of the County. The Health Department is a legally separate entity. The County Commissioners appoints a voting majority of the Health Department. The County has the ability to impose its will on the Health Department in accordance with the Official Code of Georgia (O.C.G.A.) Section 31-3-14. The fiscal year end of the component unit is June 30. Complete financial statement of the Mitchell County Health Department may be obtained from its administrative office at 88 W. Oakland Ave., Camilla, Georgia 31730.

Blended Component Unit

The **Mitchell County Development Authority** (the "Development Authority") is responsible for promoting industrial and commercial development within Mitchell County. The Development Authority is responsible for adopting its own annual budget and making its own operating decisions. The County implemented GASB 61, Statement 61 – The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34, which resulted in the Development Authority being reported as a special revenue fund. A majority of the members of the governing board of the Development Authority are appointed by the County Commission. Separate financial statements for the Development Authority were not prepared.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of 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 and the fiduciary fund financial statements. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

The County reports the following major governmental funds:

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

The ***2012-2017 Sales Tax Fund*** accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for: road and drainage projects; public safety projects; economic development projects; and various City projects within Mitchell County.

The County reports the following major business-type fund:

The ***Water and Sewer System*** is an enterprise fund used to account for the provision of water services to the citizens of Mitchell County. Activities of the fund include water administration, operations, billing and collections.

The County reports the following internal service fund:

The ***Self-Insurance Health Benefit Fund*** is used to account for the self-insured health benefit plan provided for the employees of the County.

Additionally, the County reports the following fund types:

The ***special revenue funds*** account for revenue sources that are legally restricted or committed to expenditures for specific purposes.

The ***capital project funds*** account for the acquisition or construction facilities.

The ***agency funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, support payments and ad valorem and property taxes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 of the enterprise funds are charges to customers for sales and services provided. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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.

D. Cash and Investments

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

E. Short-Term Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, 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 $5,000 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets is included as part of the capitalized value of the assets constructed. No interest expense was capitalized during the year ending December 31, 2014.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Primary Government	
Buildings and improvements	20 years
Infrastructure	50 years
Vehicles and equipment	5 - 10 years
Mitchell County Health Department	
Machinery and equipment	5 - 7 years

G. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The County's policy is to permit employees to accumulate earned but unused vacation as follows: 240 hours for all departments except, 252 hours for Sheriff's department, 300 hours for the Correctional Institute, and 450 hours for Ambulance service employees. All compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for nonvesting accumulation rights to receive sick pay benefits.

I. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The County does not have any items that qualify for reporting in this category.

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

J. Fund Equity and Net Position

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

Fund Balance - Generally, fund balance represents the difference between the assets/deferred inflows of resources and liabilities/deferred outflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity and Net Position (Continued)

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

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

- ***Committed*** - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal voting action of the County Commission through the adoption of a resolution. Only the County Commission may modify or rescind the commitment by passage of a subsequent ordinance.

- ***Assigned*** - Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the County Commission has authorized the County Administrator to assign fund balances for particular purposes.

- ***Unassigned*** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances (or deficits in fund balances) may be reported in all funds when there fund deficits after all other spendable forms of fund balance have been exhausted.

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position - Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity and Net Position (Continued)

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Restrictions on the government-wide statement of net position represents amount segregated to meet debt covenants and capital projects as restricted by Federal and State laws.

K. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred inflows or resources, deferred outflow of resources, and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $10,122,998 difference are as follows:

Accrued interest payable	$ (41,081)
Capital lease payable	(785,536)
Bonds payable	(6,240,000)
Compensated absences	(177,038)
Closure and postclosure care costs	(2,879,343)
Net adjustment to reduce *fund balance - total governmental* to arrive at *net position - governmental activities*	$ (10,122,998)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $212,376 difference are as follows:

Capital outlay	$	1,149,851
Depreciation expense		(937,475)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	212,376

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $607,129 difference are as follows:

Capital lease financing	$	(157,057)
Principal payments - capital lease		92,151
Principal payments - notes payable		12,035
Principal payments - bonds payable		660,000
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	607,129

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $6,547 difference are as follows:

Compensated absences	$	(16,428)
Accrued interest		4,345
Net pension asset		5,536
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(6,547)

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

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

1. Prior to year end, the County Administrator submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted at the County Courthouse to obtain taxpayer comments.

3. Prior to January 1, the budget is legally enacted through approval by the Board of Commissioners.

4. The Board of Commissioners has the authority to amend the budget. An increase in appropriation in any fund for a department, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the Board of Commissioners. Transfers of appropriations in any fund among the various accounts within a department shall require only the approval of the budget officer.

5. Formal budgetary integration is employed as a measurement control device during the year for the General Fund and all Special Revenue Funds. Project-length budgets are adopted for capital projects funds.

6. The budget for the General Fund and the Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are presented in accordance with finance-related legal and contractual provisions.

Budgeted amounts are as originally adopted on January 1, 2014 or as amended by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations.

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to assign or commit that portion of the applicable appropriation, is not utilized by the County.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

C. Excess Expenditures Over Appropriations

For the year ended December 31, 2014, the following departments had excess of actual expenditures over appropriations, which were funded by available fund balance of the General Fund:

Department	Excess
General Fund:	
Commissioners office	$ 21,009
District attorney	12,395
Volunteer fire association	4,510
Emergency medical services	6,730
Public works	322,732
Recreation	7,028
Debt service - interest	507,611

NOTE 4. CASH AND INVESTMENTS

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

At December 31, 2014, the Mitchell County Development Authority, a blended component unit of the County, had the following investment:

Investments	Maturities	Fair Value
Certificates of deposit	363 days	$ 250,014

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 4. CASH AND INVESTMENTS (CONTINUED)

Custodial credit risk – deposits. The County does not have a formal custodial credit risk policy. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. As of December 31, 2014, $144,931 of County deposits were exposed to custodial risk as uninsured and uncollateralized as defined by GASB pronouncements.

NOTE 5. RECEIVABLES

Receivables consisted of the following at December 31, 2014:

	General	2012-2017 Sales Tax Fund	Nonmajor Governmental Funds	Water and Sewer System	Total
Receivables:					
Taxes	$ 2,262,038	$ 203,996	$ -	$ -	$ 2,466,034
Accounts	69,302	-	-	34,600	103,902
Notes	-	-	109,464	-	109,464
Gross receivables	2,331,340	203,996	109,464	34,600	2,679,400
Less allowance for uncollectibles	(53,624)	-	-	-	(53,624)
Net total receivable	$ 2,277,716	$ 203,996	$ 109,464	$ 34,600	$ 2,625,776

Notes receivable consist of loans to other entities for community development funded by the Department of Housing and Urban Development through the State of Georgia Department of Community Affairs.

Property taxes attached as an enforceable lien on property as of January 1, 2014. Property taxes were levied on February 6, 2014, and payable on or before December 20, 2014. The County bills and collects its own property taxes. Property taxes levied for 2014 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2014, and collected by February 28, 2015, are recognized as revenues in the year ended December 31, 2014. Net receivables estimated to be collected subsequent to February 28, 2015, are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

NOTE 6. CAPITAL ASSETS

A. Primary Government

The County's capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land and land improvements	$ 3,058,069	$ -	$ -	$ 3,058,069
Construction in progress	337,828	503,478	-	841,306
Total capital assets, not being depreciated	3,395,897	503,478	-	3,899,375
Capital assets, being depreciated:				
Buildings	10,579,541	39,800	-	10,619,341
Infrastructure	16,864,176	-	-	16,864,176
Vehicles and equipment	11,504,067	606,573	(210,228)	11,900,412
Total capital assets, being depreciated	38,947,784	646,373	(210,228)	39,383,929
Less accumulated depreciation for:				
Buildings	(5,747,066)	(258,288)	-	(6,005,354)
Infrastructure	(7,759,778)	(324,305)	-	(8,084,083)
Vehicles and equipment	(10,174,963)	(354,882)	210,228	(10,319,617)
Total accumulated depreciation	(23,681,807)	(937,475)	210,228	(24,409,054)
Total capital assets, being depreciated, net	15,265,977	(291,102)	-	14,974,875
Governmental activities capital assets, net	$ 18,661,874	$ 212,376	$ -	$ 18,874,250

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 81,920	$ -	$ -	$ 81,920
Total capital assets, not being depreciated	81,920	-	-	81,920
Capital assets, being depreciated:				
Building and improvements	1,522,823	-	-	1,522,823
Infrastructure	721,301	-	-	721,301
Vehicles and equipment	29,983	-	-	29,983
Total	2,274,107	-	-	2,274,107
Less accumulated depreciation for:				
Building and improvements	(1,147,426)	(29,246)	-	(1,176,672)
Infrastructure	(521,919)	(12,911)	-	(534,830)
Vehicles and equipment	(29,958)	(25)	-	(29,983)
Total	(1,699,303)	(42,182)	-	(1,741,485)
Total capital assets, being depreciated, net	574,804	(42,182)	-	532,622
Business-type activities capital assets, net	$ 656,724	$ (42,182)	$ -	$ 614,542

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

Governmental activities:	
General government	$ 212
Judicial	9,167
Public safety	409,098
Public works	498,502
Recreation	5,526
Housing and development	14,970
Total depreciation expense - governmental activities	$ 937,475
Business-type activities:	
Water and Sewer System Fund	$ 42,183
Total depreciation expense - business-type activities	$ 42,183

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – Mitchell County Board of Health

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets, being depreciated:				
Machinery and equipment	$ 17,861	$ -	$ -	$ 17,861
Total	17,861	-	-	17,861
Less accumulated depreciation for:				
Machinery and equipment	(17,861)	-	-	(17,861)
Total	(17,861)	-	-	(17,861)
Total capital assets, being depreciated, net	-	-	-	-
Board of Health capital assets, net	$ -	$ -	$ -	$ -

NOTE 7. LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 12,035	$ -	$ (12,035)	$ -	$ -
Capital leases payable	720,630	157,057	(92,151)	785,536	91,547
Bonds payable	6,900,000	-	(660,000)	6,240,000	710,000
Compensated absences	160,610	141,154	(124,726)	177,038	141,630
Closure and postclosure care costs	2,836,791	42,552	-	2,879,343	-
Governmental activities long-term liabilities	$ 10,630,066	$ 340,763	$ (888,912)	$ 10,081,917	$ 943,177
Business-type activities:					
Notes payable	$ 150,624	$ -	$ 25,285	$ 125,339	$ 28,726
Compensated absences	4,678	866	4,810	734	587
Business-type activities long-term liabilities	$ 155,302	$ 866	$ 30,095	$ 126,073	$ 29,313
Component unit - Mitchell County Board of Health:					
Compensated absences	$ 29,398	$ 614	$ -	$ 30,012	$ 3,001
Mitchell County Board of Health long-term liabilities	$ 29,398	$ 614	$ -	$ 30,012	$ 3,001

For governmental activities, compensated absences are generally liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer System Fund.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable. The County has incurred debt to various financial institutions for the purchase of equipment. These notes are as follows at December 31, 2014:

The County has also incurred debt to a financial institution for additions to the water system. This note is as follows at December 31, 2014:

Purpose	Original Amount	Interest Rate	Due Date	Balance at December 31, 2014
Water system additions	$ 226,923	4.24%	2019	$ 125,339
				125,339
			Less current maturities	(28,726)
				$ 96,613

The note payable debt service requirements to maturity, including interest is as follows:

Fiscal Year Payable	Total	Principal	Interest
2015	$ 33,557	$ 28,726	$ 4,831
2016	33,557	29,974	3,583
2017	33,557	31,300	2,257
2018	33,557	32,672	885
2019	2,797	2,667	130
	$ 137,025	$ 125,339	$ 11,686

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inceptions. Depreciation on leased asset under capital lease was $236,994 as of December 31, 2014.

The following is an analysis of leased assets under capital leases as of December 31, 2014:

	Governmental Activities
Equipment	$ 2,496,880
Less: Accumulated depreciation	(1,590,102)
	$ 906,778

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments as of December 31, 2014:

	Governmental Activities
Year ending December 31,	
2015	$ 112,071
2016	107,194
2017	222,221
2018	398,036
Total minimum lease payments	839,522
Less amount representing interest	(53,986)
Present value of future minimum lease payments	$ 785,536

Landfill Closure and Postclosure Care Cost. Mitchell County, Georgia has closed its landfill and placed a final cover on the landfill in accordance with State and Federal laws and regulations. In addition, State and Federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for 30 years after closure. These maintenance and monitoring functions are estimated at $70,200 per year.

Although the postclosure care costs will be paid when the services are performed, the County reports a liability of $2,879,343 at December 31, 2014. This amount represents the cumulative amount of landfill postclosure cost based on 100 percent of the capacity of the landfill. The County has no assets restricted for payment of postclosure care cost. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Revenue Bonds. During the year ended December 31, 2006, the County entered into an agreement with the Mitchell County Development Authority, a component unit, for the issuance of bonds in the amount of $10,000,000 to First United Ethanol, LLC (FUEL). Under the agreement, the Mitchell County Development Authority is authorized to issue revenue bonds bearing rates of interest and maturities determined by the Mitchell County Development Authority to finance projects consistent with the powers and purposes of the agreement. Such bonds, thus issued, shall be paid first from the income of the Mitchell County Development Authority. In the event such income is not sufficient to pay the principal and interest of such bonds, as they mature, then the Commissioners of the County are authorized and required to provide the additional funds necessary to make such payment, and for this purpose the Commissioners are authorized to levy an annual tax on all taxable property within the County, provided such tax shall not exceed five (5) mills. During the year ended December 31, 2010, FUEL, the original borrower of the bonds, entered into bankruptcy proceedings and the bonds became the responsibility of the County pursuant to the contract between the County and the Mitchell County Development Authority. The County recorded the bond issuance revenue and off-setting economic development expenditures of $9,250,000 in the General Fund to report the debt at the Fund level. The bonds are accruing interest at 7.75% and payments began on December 1, 2010.

Revenue bonds debt service requirements to maturity are as follows as of December 31, 2014:

Year ending December 31,	Principal	Interest	Total
2015	$ 710,000	$ 492,970	$ 1,202,970
2016	765,000	436,879	1,201,879
2017	820,000	376,442	1,196,442
2018	880,000	311,661	1,191,661
2019	950,000	242,140	1,192,140
2020-2021	2,115,000	253,595	2,368,595
	$ 6,240,000	$ 2,113,687	$ 8,353,687

Conduit Debt. On October 29, 2013, the Mitchell County Development Authority issued Series 2013 taxable revenue bonds to provide financial assistance to a private-sector entity for the acquisition and construction of a solar panel farm. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans and lease agreements. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The Development Authority is not obligated in any manner for repayment of the bonds. The bonds bear an interest rate of 7.0% with interest only payments due on November 15 of each year, and final payment of principal and interest due on December 31, 2018. The outstanding balance as of December 31, 2014 is $30,000,000.

NOTE 8. SHORT-TERM DEBT – REVOLVING LINE OF CREDIT

The County used a revolving line of credit to finance a variety of public projects, including financing general operations during periods of uneven property and sales tax collections. The County's General Fund short-term debt activity for the year-end December 31, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Line of Credit	$ -	$ 3,100,200	$ 3,100,200	$ -

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2014, is as follows:

Due to/from:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	General Fund	$ 12,800

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

The composition of interfund transfers as of December 31, 2014, is as follows:

	Transfer From			
Transfer To	General Fund	Water and Sewer System Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 218,777	$ 10,000	$ 228,777
Nonmajor Governmental Funds	373,964	-	-	373,964
Total	$ 373,964	$ 218,777	$ 10,000	$ 602,741

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

NOTE 10. RETIREMENT PLANS

A. Defined Contribution Plan

Mitchell County maintains a defined contribution pension plan, the Mitchell County Retirement Savings Plan (“the Savings Plan"), which was established by Mitchell County on January 1, 1998 to provide reasonable retirement security for its employees. The Plan is administered by Nationwide Retirement Solutions. At December 31, 2014, there were 6 active participants. The County does not make any contributions to the Plan. Plan participants can contribute up to 25% of their compensation. Plan provisions and contribution requirements are established by and may be amended by the Mitchell County Board of Commissioners. For the year ended December 31, 2014, County employees contributed $4,752.

B. Defined Benefit Plan

Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Mitchell County Employees (the Plan), which is a defined benefit pension plan. All full-time employees are eligible to participate in the County’s noncontributory defined benefit pension plan after completion of three years of service.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. Complete financial statements for the Association County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from GEBCorp, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

Participant Data

At January 1, 2014, the date of the most recent actuarial valuation, there were 244 participants as follows:

Active participants	88
Retirees and beneficiaries	42
Vested terminated	114
	244

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Funding Policy

The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and intended to satisfy the minimum contribution requirements as set forth in the State of Georgia statutes. Plan participants do not contribute to the Plan.

Annual Pension Cost and Net Pension Asset

The County's annual pension cost and net pension asset for the pension plan for the current year is as follows:

	2014
Derivation of Annual Pension Cost	
Annual Required Contribution	$ 287,135
Interest on Net Pension Asset	(1,679)
Amortization of Net Pension Asset	1,797
Annual Pension Cost	$ 287,253
Derivation of Net Pension Asset	
Annual Pension Cost for Calender Year 2014	$ 287,253
Actual Contributions to Plan for Calendar Year 2014	292,789
Increase in Net Pension Asset	5,536
Net Pension Asset as of December 31, 2013	21,666
Net Pension Asset as of December 31, 2014	$ 27,202

Basis of Valuation

Current valuation date	January 1, 2014
Annual return on invested Plan assets	7.75%
Projected annual salary increases	4.0%-6.5% based on age
Expected annual inflation	3.0%
Actuarial value of assets	Market Value
Actuarial funding method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)
Remaining amortization period	10 years

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Basis of Valuation (Continued)

Trend Information for The Plan

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset) - End of Year
1/1/2014	$ 287,253	$ 292,789	101.9 %	$ (27,202)
1/1/2013	276,939	276,820	100.0	(21,666)
1/1/2012	321,693	321,575	100.0	(21,785)

As of the most recent valuation date, January 1, 2014, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
01/01/14	$ 5,470,001	$ 6,065,710	$ 595,709	90.2 %	$ 2,574,451	23.1 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of Plan net assets is increasing or decreasing over time relative to the actuarial liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2014.

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Association of County Commissioners of Georgia (ACCG) Group Self-Insurance Workers' Compensation Fund and the Interlocal Risk Management Agency Property and Liability Insurance Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' 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 pools' agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the Workers' Compensation Law of Georgia. The funds are to pay all costs 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.

Settled claims in the past three years have not exceeded the coverages.

The County maintains a self-insured medical benefit plan for their employees. The Plan is accounted for as an internal service fund of the County, is funded according to Plan experience, and serves to reduce overall healthcare costs of the County employees. The County purchases specific and aggregate stop loss insurance coverage to protect itself in unusual circumstances. Claims payable at December 31, 2014 were estimated based on the loss analysis report provided by a third-party administrator and pending specific stop loss reimbursements.

Changes in medical claims payable for the year ended December 31 is as follows:

	2014	2013
Unpaid claims, beginning of fiscal year	**$ 50,767**	$ 234,785
Incurred claims and changes in estimates	**1,180,233**	975,990
Claim payments	**(1,109,536)**	(1,160,008)
Unpaid claims, end of fiscal year	**$ 121,464**	$ 50,767

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

The County is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

Grant Contingencies

The County has received Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

NOTE 13. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the fourteen-county Georgia region, is a member of the Southwest Georgia Regional Commission (SGRC) and is required to pay annual dues thereto. During the year ended December 31, 2014, the County paid $14,240 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC's in Georgia. The SGRC 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 an RC. Separate financial statements may be obtained from the Southwest Georgia Regional Commission, 30 West Broad Street, Camilla, Georgia 31730.

NOTE 14. DEFICIT NET POSITION

The Self-Insurance Health Benefit Fund reported deficit net position of $272,463 at December 31, 2014. The Self-Insurance Health Benefit Fund deficit is intended to be eliminated through increased user charges and transfers from the General Fund.

NOTE 15. RESTATEMENT

The County has determined that a restatement to beginning net position of governmental activities and business-type activities is required to properly reflect the change in financial reporting entity. The restatements are as follows:

	Governmental Activities	Business-type Activities
Beginning net position, as previously reported	$ 17,258,813	$ 478,001
Transfer of internal service fund activities	(60,272)	60,272
Beginning net position, as restated	$ 17,198,541	$ 538,273

MITCHELL COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
01/01/14	$ 5,470,001	$ 6,065,710	$ 595,709	90.2 %	$ 2,574,451	23.1 %
01/01/13	4,963,792	5,527,449	563,657	89.8	3,893,361	14.5
01/01/12	4,687,878	5,315,413	627,535	88.2	4,292,268	14.6
01/01/11	4,359,111	4,661,479	302,368	93.5	4,118,930	7.3
01/01/10	4,062,554	4,328,005	265,451	93.9	3,853,200	6.9
01/01/09	3,693,504	4,338,238	644,734	85.1	3,979,700	16.2

The assumptions used in preparation of the above schedule are disclosed in Note 10 to the financial statements.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Drug Abuse and Treatment Education Fund is used to account for the collection of additional penalties for certain drug related crimes, donations related to drug education, and for expenditure of those funds solely and exclusively restricted for drug abuse treatment and education programs relating to controlled substances and marijuana. (OCGA 15-21-100).

Jail Fund is used to account for revenues collected by the imposition of a 10% add-on fine as provided for by the Georgia Jail Construction and Staffing Act.

Law Library Fund is used to account for the resources received from the various courts of Mitchell County and disbursements for the support of a centralized law library.

CDBG Fund is used to account for the activities related to the Community Development Block Grant.

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

E-911 System Fund is used to account for the County's emergency communications operations by providing an open channel between citizens and public safety providers.

Confiscated Assets Fund is used to account for activities related to drug raids.

Tornado Relief Fund is used to account for the County's activities related to grants received and relief provided for the 2009 tornado.

Mitchell County Development Authority is used to account for the County's activities related to economic and development projects.

Public Defender Fund is used to account for funds received from other Counties which are restricted for public defender activities.

Revolving Loan Fund is a special revenue fund used to account for the operations of the County's revolving loans. Original funding was provided by the Department of Housing and Urban Development through the State of Georgia Department of Community Affairs.

Capital Project Fund

2006-2011 Sales Tax Fund accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for: road and drainage projects; emergency medical projects; courthouse projects; Flint River Auditorium project; debt service; and various City projects within Mitchell County.

MITCHELL COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2014

	Special Revenue Funds					
ASSETS	**Drug Abuse and Treatment Education Fund**	**Jail Fund**	**Law Library Fund**	**CDBG Fund**	**Jail Commissary Fund**	**E-911 Fund**
Cash and cash equivalents	$ 47,349	$ 23,021	$ 28,547	$ -	$ 94,464	$ -
Investments	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Due from other funds	12,800	-	-	-	-	-
Due from other governments	-	-	-	13,943	-	-
Total assets	$ 60,149	$ 23,021	$ 28,547	$ 13,943	$ 94,464	$ -
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ 13,943	$ -	$ -
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Total liabilities	-	-	-	13,943	-	-
FUND BALANCES						
Nonspendable:						
Long-term receivable	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for:						
Judicial	-	-	28,547	-	-	-
Public safety	60,149	23,021	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Committed for:						
Public safety	-	-	-	-	94,464	-
Public assistance	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-
Total fund balances	60,149	23,021	28,547	-	94,464	-
Total liabilities and fund balances	$ 60,149	$ 23,021	$ 28,547	$ 13,943	$ 94,464	$ -

						Capital Projects Fund	
Confiscated Assets Fund	Tornado Relief Fund	Mitchell County Development Authority	Public Defender Fund	Revolving Loan Fund	2006-2011 Sales Tax Fund	Totals
$ 66,014	$ 36,057	$ 156,276	$ 201,095	$ 74,623	$ 101,457	$ 828,903
-	-	250,014	-	-	-	250,014
-	-	-	-	109,464	-	109,464
-	-	-	-	-	-	12,800
-	-	-	-	-	-	13,943
$ 66,014	$ 36,057	$ 406,290	$ 201,095	$ 184,087	$ 101,457	$ 1,215,124
$ -	$ -	$ -	$ -	$ -	$ -	$ 13,943
-	-	-	-	-	735	735
-	-	-	-	-	2,707	2,707
-	-	-	-	-	3,442	17,385
$ -	$ -	$ -	$ -	$ 93,056	$ -	$ 93,056
-	-	-	201,095	-	-	229,642
66,014	-	-	-	-	-	149,184
-	-	-	-	91,031	-	91,031
-	-	-	-	-	98,015	98,015
-	-	-	-	-	-	94,464
-	36,057	-	-	-	-	36,057
-	-	406,290	-	-	-	406,290
66,014	36,057	406,290	201,095	184,087	98,015	1,197,739
$ 66,014	$ 36,057	$ 406,290	$ 201,095	$ 184,087	$ 101,457	$ 1,215,124

MITCHELL COUNTY, GEORGIA

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

	Special Revenue Funds					
	Drug Abuse and Treatment Education Fund	Jail Fund	Law Library Fund	CDBG Fund	Jail Commissary Fund	E-911 Fund
Revenues:						
Intergovernmental	$ -	$ -	$ -	$ 171,115	$ -	$ -
Charges for services	-	-	-	-	127,805	322,880
Fines and forfeitures	22,858	22,319	6,475	-	-	-
Interest revenue	-	23	40	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	22,858	22,342	6,515	171,115	127,805	322,880
Expenditures:						
Current:						
Judicial	-	-	10,459	-	-	-
Public safety	18,454	-	-	-	94,702	661,306
Public works	-	-	-	171,115	-	-
Housing and development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	16,686
Interest	-	-	-	-	-	2,131
Total expenditures	18,454	-	10,459	171,115	94,702	680,123
Excess (deficiency) of revenues over (under) expenditures	4,404	22,342	(3,944)	-	33,103	(357,243)
Other financing sources (uses):						
Proceeds from the sale of capital assets	-	-	-	-	-	-
Capital leases	-	-	-	-	-	157,057
Transfers in	-	-	-	-	-	200,186
Transfers out	-	(10,000)	-	-	-	-
Total other financing sources (uses)	-	(10,000)	-	-	-	357,243
Net change in fund balances	4,404	12,342	(3,944)	-	33,103	-
Fund balances, beginning of year	55,745	10,679	32,491	-	61,361	-
Fund balances, end of year	$ 60,149	$ 23,021	$ 28,547	$ -	$ 94,464	$ -

					Capital Projects Fund	
Confiscated Assets Fund	Tornado Relief Fund	Mitchell County Development Authority	Public Defender Fund	Revolving Loan Fund	2006-2011 Sales Tax Fund	Totals
$ -	$ -	$ 89,493	$ 430,349	$ -	$ -	$ 690,957
-	-	11,748	-	-	-	462,433
17,971	-	-	-	-	-	69,623
16	11	2,843	-	3,544	28	6,505
30,861	-	-	-	-	-	30,861
48,848	11	104,084	430,349	3,544	28	1,260,379
-	-	-	403,032	-	-	413,491
46,760	-	-	-	-	-	821,222
-	-	-	-	-	-	171,115
-	-	97,761	-	-	-	97,761
-	-	-	-	-	165,377	165,377
-	-	-	-	-	-	16,686
-	-	-	-	-	-	2,131
46,760	-	97,761	403,032	-	165,377	1,687,783
2,088	11	6,323	27,317	3,544	(165,349)	(427,404)
3,000	-	-	-	-	-	3,000
-	-	-	-	-	-	157,057
-	-	-	173,778	-	-	373,964
-	-	-	-	-	-	(10,000)
3,000	-	-	173,778	-	-	524,021
5,088	11	6,323	201,095	3,544	(165,349)	96,617
60,926	36,046	399,967	-	180,543	263,364	1,101,122
$ 66,014	$ 36,057	$ 406,290	$ 201,095	$ 184,087	$ 98,015	$ 1,197,739

MITCHELL COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE YEAR ENDED DECEMBER 31, 2014

Project Description	Original and Current Estimated Costs	Expenditures		
		Prior Years	Current Year	Total
2006 REFERENDUM				
Road, Street and Bridge Construction or Improvement	$ 3,522,333	$ 6,421,288	$ 35	$ 6,421,323
Ambulance Purchase	120,000	97,135	-	97,135
Courthouse Improvements	125,000	130,526	-	130,526
Fire Department Projects	2,500,000	1,801,910	165,342	1,967,252
Flint River Auditorium Project	100,000	100,001	-	100,001
City of Pelham Projects	1,919,520	2,158,583	-	2,158,583
City of Sale City Projects	120,000	136,400	-	136,400
City of Camilla Projects	2,672,171	3,024,863	-	3,024,863
City of Baconton Projects	383,349	347,087	-	347,087
City of Meigs Projects	11,025	12,533	-	12,533
Totals	$ 11,473,398	$ 14,230,326	$ 165,377	$ 14,395,703
2012 REFERENDUM				
Road, Street and Bridge Construction or Improvement	$ 7,187,766	$ 995,143	$ 1,088,001	$ 2,083,144
Ambulance Purchase	900,000	-	-	-
Narrow-Banding Projects	245,000	163,755	8,550	172,305
Desota Trail Library Project	47,222	47,222	-	47,222
Hand Trading Company Project	105,000	4,268	7,577	11,845
City of Pelham Projects	2,406,357	424,479	403,634	828,113
City of Sale City Projects	185,642	20,000	35,521	55,521
City of Camilla Projects	3,300,000	586,103	237,211	823,314
City of Baconton Projects	467,592	105,805	38,085	143,890
City of Meigs Projects	13,413	-	-	-
Totals	$ 14,857,992	$ 2,346,775	$ 1,818,579	$ 4,165,354

AGENCY FUNDS

Tax Commissioner – This fund is used to account for all real, personal and intangible taxes collected and forwarded to the County and other government units.

Jail Inmate Fund – This fund accounts for jail inmate funds while in custody, and for the purchase of items from the Jail Commissary and related activities on behalf of inmates and the correctional institution.

The following agency funds are used to account for fines, fees and other moneys collected by the courts and Sheriff's Office and remitted to other parties in accordance with court orders and state law:

Clerk of Superior Court
Probate Court
Probation Office
Magistrate Court

MITCHELL COUNTY, GEORGIA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITES
AGENCY FUNDS

DECEMBER 31, 2014

ASSETS	Clerk of Superior Court	Probate Court	Probation Office	Jail Inmate
Cash and cash equivalents	$ 83,883	$ 1,610	$ 18,952	$ 8,797
Taxes receivable	-	-	-	-
Total assets	$ 83,883	$ 1,610	$ 18,952	$ 8,797
LIABILITIES				
Due to others	$ 83,883	$ 1,610	$ 18,952	$ 8,797
Uncollected taxes	-	-	-	-
Total liabilities	$ 83,883	$ 1,610	$ 18,952	$ 8,797

Tax Commissioner	Magistrate Court	Total
$ 32,321	$ 44,221	$ 189,784
1,749,413	-	1,749,413
$ 1,781,734	$ 44,221	$ 1,939,197
$ 32,321	$ 44,221	$ 189,784
1,749,413	-	1,749,413
$ 1,781,734	$ 44,221	$ 1,939,197

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
of Mitchell County, Georgia
Camilla, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Mitchell County, Georgia (the "County") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Mitchell County, Georgia's basic financial statements and have issued our report thereon dated June 26, 2015. Our report includes a reference to other auditors who audited the financial statements of the Mitchell County Board of Health, as described in our report on Mitchell 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 the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during 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. We did identify a certain deficiency in internal control, described as item 2014-001 in the accompanying schedule of findings and responses that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mitchell County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described as item 2014-002 in the in the accompanying schedule of findings and responses.

Mitchell County, Georgia's Responses to Findings

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Albany, Georgia
June 26, 2015

MITCHELL COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2014

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified?	___ yes __X__ no
Significant deficiencies identified?	__X__ yes ____ none reported
Noncompliance material to financial statements noted?	___ yes __X__ no

Federal Awards

There was not an audit of major federal award programs as of December 31, 2014 due to the total amount expended being less than $500,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2014 – 001. Segregation of Duties

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

Condition: There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the County Administration, Clerk of Court, Probate Court, Magistrate Court, Law Library, Sheriff's Department, and Probation Department.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

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

Cause: The lack of segregation of duties is due to the limited number of individuals in each office available to perform all of the required duties.

Recommendation: The County should consider having checks and balances in place, so that if overlapping duties exist, an appropriate level of review is performed.

Views of Responsible Officials and Planned Corrective Action: We concur with the recommendation. Such segregation of duties will be implemented as soon as economically possible.

MITCHELL COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2014

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2014 - 002. Undercollateralization of County Deposits

Criteria: The Official Code of Georgia (OCGA) Section 45-8-12 (c) requires all depositories of public funds to pledge securities of not less than 110% of the deposited public funds.

Condition: For the year ended December 31, 2014, the County's deposits held at three financial institutions were undercollateralized.

Context: See Criteria above.

Effect: County accounts were not adequately collateralized at the Bank of Camilla for $128,413, Pelham Banking Company for $9,385, and Five Star Credit Union for $7,133, allowing for the possibility of loss of assets if the financial institution were to become insolvent.

Cause: The financial institution has not appropriately collateralized all County deposits as of December 31, 2014.

Recommendation: We recommend the County periodically review a listing of all accounts opened under the County's federal identification number to determine that all are properly coded as public deposits. Additionally, the County should request from the financial institutions holding County deposits, a monthly pledging report to determine that each financial institution has pledged securities of not less than 110% of the deposited funds as required by Georgia law.

Views of Responsible Officials and Planned Corrective Action: We concur. This collateralization issue will be resolved for FY 2015. We will begin monitoring the pledging of collateral on a regular basis.

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

MITCHELL COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2014

2013 – 001. Segregation of Duties

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

Condition: There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the County Administration, Clerk of Court, Probate Court, Magistrate Court, Law Library, Sheriff's Department, and Probation Department.

Auditee Response/Status: Unresolved – See current year finding 2014-001.