MITCHELL COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2015

MITCHELL COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

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FINANCIAL SECTION

MAULDIN & JENKINS

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 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, 2015, 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 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Mitchell County, Georgia as of December 31, 2015, 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.

Emphasis of Matter

As discussed in Note 10 and Note 15, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of January 1, 2015. Our opinion is not modified with respect to this matter.

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)), the Schedule of Changes in the County's Net Pension Liability and Related Ratios (on page 58) and the Schedule of County Contributions (on page 59) 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 30, 2016, 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 30, 2016

MITCHELL COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015. 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 2015 is the eleventh 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 2015 are as follows:

Government-wide financial statements:

- At December 31, 2015, Mitchell County's assets exceeded its liabilities by $22,895,569 (net position).
- The County's $17,634,328 net investment in capital assets and $273,754 in unrestricted, leaves the County with $4,987,487 in net position restricted in governmental activities.
- Mitchell County, Georgia's total net position increased from $20,322,314 in the prior year to $22,895,569 in the current year, for a total increase of $2,573,255, or 12.66%.
- Mitchell County, Georgia's revenues for fiscal year 2015 totaled $18,721,215. Of this amount, 64% are property tax revenues, 12% are sales tax revenues, 5% are other tax revenues, 17% are charges for services and the remaining 2% are other revenues. This is a 10% decrease over fiscal year 2014 revenues.
- Mitchell County, Georgia's total program expenses for fiscal year 2015 totaled $16,147,960. Of this amount, 36% are public safety expenses, 23% are general governmental expenses, 3% are housing and development expenses, 23% are public works expenses and the remaining 15% are other expenses. This is a 7% decrease over fiscal year 2014 expenses.

Governmental funds financial statements:

- Mitchell County, Georgia's governmental funds recorded total assets of $14,956,665 for the year ended December 31, 2015. This amount is over the total governmental funds liabilities and deferred inflows of resources by $13,358,385 (fund balance).

- Total governmental fund's fund balances for the year ending December 31, 2015 increased by $2,727,800 from the previous year. This increase was a result of a $1,903,181 increase in the General Fund, an $812,103 increase in the 2012-2017 Sales Tax Fund, and a $12,516 increase in Nonmajor Governmental Funds.
- Total governmental fund balance is $13,120,217, with $7,708,256 classified as unassigned.
- Total revenues for the General Fund were under budgeted amounts by $468,956 or approximately 3.0% and total expenditures for the General Fund were under budget by $1,526,891, or approximately 7.2%.

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 12, 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, 2015 and 2014.

Table 1
Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	**$ 14,956,665**	$ 12,315,209	**$ 73,752**	$ 36,851	**$ 15,030,417**	$ 12,352,060
Capital Assets	**18,517,323**	18,874,250	**574,750**	656,724	**19,092,073**	19,530,974
Total Assets	**33,473,988**	31,189,459	**648,502**	693,575	**34,122,490**	31,883,034
Deferred outflows of resources	**294,432**	262,552	-	-	**294,432**	262,552
Long-term Liabilities	**8,672,392**	9,896,630	**66,802**	126,279	**8,739,194**	10,022,909
Other Liabilities	**2,751,533**	1,797,486	**30,626**	29,023	**2,782,159**	1,826,509
Total Liabilities	**11,423,925**	11,694,116	**97,428**	155,302	**11,521,353**	11,849,418
Net Position:						
Net Investment in Capital Assets	**17,156,191**	18,088,714	**478,137**	506,100	**17,634,328**	18,594,814
Restricted	**4,987,487**	4,194,558	**-**	-	**4,987,487**	4,194,558
Unrestricted	**200,817**	(2,525,377)	**72,937**	32,173	**273,754**	(2,493,204)
Total Net Position	**$ 22,344,495**	$ 19,757,895	**$ 551,074**	$ 538,273	**$ 22,895,569**	$ 20,296,168

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 $22,895,569 at the close of the most recent fiscal year.

By far the largest portion of the County's net position (77 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 (22 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is $273,754.

The following table summarizes the changes in net position for the primary government for the fiscal years ended December 31, 2015 and 2014.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Revenues:						
Program revenues:						
Charges for services	**$ 2,668,619**	$ 2,655,078	**$ 401,472**	$ 403,165	**$ 3,070,091**	$ 3,058,243
Operating grants	**103,039**	984,346	**-**	-	**103,039**	984,346
Capital grants	**245,335**	714,387	**-**	-	**245,335**	714,387
General revenue:						
Property taxes	**12,043,300**	12,318,025	**-**	-	**12,043,300**	12,318,025
Sales taxes	**2,257,452**	2,380,511	**-**	-	**2,257,452**	2,380,511
Insurance premium taxes	**688,795**	643,178	**-**	-	**688,795**	643,178
Other taxes	**275,529**	282,761	**-**	-	**275,529**	282,761
Unrestricted investment earnings	**8,917**	11,421	**-**	-	**8,917**	11,421
Gain on sale of assets	**28,757**	51,151	**-**	-	**28,757**	51,151
Total revenues	**18,319,743**	20,040,858	**401,472**	403,165	**18,721,215**	20,444,023
Program expenses:						
General government	**3,731,376**	3,401,372	**-**	-	**3,731,376**	3,401,372
Judicial	**1,098,184**	1,317,947	**-**	-	**1,098,184**	1,317,947
Public safety	**5,875,278**	6,250,278	**-**	-	**5,875,278**	6,250,278
Public works	**3,746,816**	4,728,001	**-**	-	**3,746,816**	4,728,001
Health and welfare	**159,973**	161,980	**-**	-	**159,973**	161,980
Recreation	**375,330**	347,843	**-**	-	**375,330**	347,843
Housing and development	**537,108**	419,953	**-**	-	**537,108**	419,953
Interest on long-term debt	**434,929**	550,397	**-**	-	**434,929**	550,397
Water	**-**	-	**188,966**	152,482	**188,966**	152,482
Total expenses	**15,958,994**	17,177,771	**188,966**	152,482	**16,147,960**	17,330,253
Excess (deficiency)	**2,360,749**	2,863,087	**212,506**	250,683	**2,573,255**	3,113,770
Transfers	**225,851**	261,043	**(225,851)**	(261,043)	**-**	-
Change in net position	**2,586,600**	3,124,130	**(13,345)**	(10,360)	**2,573,255**	3,113,770
Net position - beg of year, as restated	**19,757,895**	16,633,765	**564,419**	548,633	**20,322,314**	17,182,398
Net position - end of year	**$ 22,344,495**	$ 19,757,895	**$ 551,074**	$ 538,273	**$ 22,895,569**	$ 20,296,168

Total revenues for governmental activities exceed total expenses and transfers by $2,360,749. By review of Table 2, it is apparent that the bulk of revenues supporting governmental activities are attributable to property taxes, $12,043,300 or 64%, and charges for services $2,668,619 or 15%.

Additionally, Table 2 illustrates the bulk of governmental activities expense being reported within the program of public safety, reporting expenses of $5,875,278 or 37%, with the second largest expense attributable to public works with expenses of $3,746,816 or 23%.

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	
	2015	**2014**	**2015**	**2014**
General government	**$ 3,731,376**	$ 3,401,372	**$ 3,449,210**	$ 3,017,350
Judicial	**1,098,184**	1,317,947	**1,098,184**	1,317,947
Public safety	**5,875,278**	6,250,278	**3,585,521**	4,091,458
Public works	**3,746,816**	4,728,001	**3,596,168**	3,675,043
Health and welfare	**159,973**	161,950	**159,973**	161,950
Recreation	**375,330**	347,843	**290,824**	292,552
Housing and development	**537,108**	419,953	**327,192**	(282,767)
Interest on long-term debt	**434,929**	550,397	**434,929**	550,397
Totals	**$ 15,958,994**	$ 17,177,741	**$ 12,942,001**	$ 12,823,930

As noted in the above table, governmental programs fell $12,942,001 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, 2015.

The County's Major Governmental Funds

At the end of fiscal year 2015, the County reported its governmental funds (as presented in the balance sheet on page 15) having a combined fund balance of $13,358,385. This balance increased by $2,727,800 from prior year's balance. The statement of revenues, expenditures and changes in fund balances presented on page 16 reports fund balance of $8,251,267 in the General Fund, $3,896,863 was reported for 2012-2017 Sales Tax Fund and $1,210,255 for Nonmajor Governmental Funds.

Revenues for the General Fund totaled $14,973,834, 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, $11,711,060 (78%) was collected through property taxes, with second largest source of revenues reported in the line item of charges for services, $1,271,776 (8%).

Expenditures for the General Fund totaled $19,727,649 (not including other financing uses). Expenditures exceeded revenues by $4,753,815

General Fund Budgetary Highlights

Total revenues in the General Fund were under budgeted amounts by $468,956, or approximately 3.0%. 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, $165,726 is reported in the line item of charges for services.

General Fund expenditures (not including other financing uses) for the year ended December 31, 2015 were under budget by $1,526,891, or approximately 7.2%. The largest area of variance of $438,841 was positive and is reported within the 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, 2015, amounts to $19,092,073 (net of accumulated depreciation). This is a decrease of $396,719 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	-	-	-
Buildings	4,346,785	316,905	4,663,690
Infrastructure	9,288,681	175,925	9,464,606
Vehicles and equipment	1,823,788	-	1,823,788
Totals	$ 18,517,323	$ 574,750	$ 19,092,073

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 37-39 of the Notes to the Financial Statements.

At year end, the County had a total of $10,852,574 in outstanding long term liabilities which includes $2,922,533 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 39-42, and short-term debt can be found in Note 8, page 43 in the Notes to Financial Statements.

Other Economic Factors

The Board of Commissioners and the staff have considered several factors when establishing the FY16 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. Mitchell County took advantage of an opportunity to refinance the outstanding balance on the FUEL bonds at a substantial annual savings to the citizens and renegotiated a number of existing contracts that provided additional savings.

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, 2015

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Mitchell County Board of Health
Cash and cash equivalents	$ 11,421,871	$ 41,350	$ 11,463,221	$ 336,317
Investments	251,895	-	251,895	-
Taxes receivable	2,375,810	-	2,375,810	-
Accounts receivable, net of allowances	71,022	32,402	103,424	4,411
Notes receivable	293,056	-	293,056	-
Due from other governments	-	-	-	44,581
Restricted assets:				
Cash	543,011	-	543,011	-
Capital assets:				
Nondepreciable	3,058,069	81,920	3,139,989	-
Depreciable, net of accumulated depreciation	15,459,254	492,830	15,952,084	-
Total assets	33,473,988	648,502	34,122,490	385,309
DEFERRED OUTFLOWS OF RESOURCES				
County contributions subsequent to the measurement date	262,552	-	262,552	72,122
Net differences between projected and actual earnings on pension plan investments	31,880	-	31,880	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	19,590
Total deferred inflows of resources	294,432	-	294,432	91,712
LIABILITIES				
Outstanding checks in excess of bank balance	31,976	-	31,976	-
Accounts payable	233,747	-	233,747	19,851
Accrued liabilities	128,070	-	128,070	-
Claims payable	263,357	-	263,357	-
Due to other governments	11,629	-	11,629	25,819
Capital leases payable due within one year	156,858	-	156,858	-
Capital leases payable due in more than one year	1,004,274	-	1,004,274	-
Notes payable due within one year	200,000	29,974	229,974	-
Notes payable due in more than one year	-	66,639	66,639	-
Bonds payable due within one year	865,000	-	865,000	-
Bonds payable due in more than one year	4,715,000	-	4,715,000	-
Compensated absences due within one year	122,337	652	122,989	2,670
Compensated absences due more than one year	30,585	163	30,748	24,029
Closure and postclosure care costs	2,922,533	-	2,922,533	-
Net pension liability	738,559		738,559	500,858
Total liabilities	11,423,925	97,428	11,521,353	573,227
DEFERRED INFLOWS OF RESOURCES				
Net differences between projected and actual earnings on pension plan investments	-	-	-	122,244
Total deferred inflows of resources	-	-	-	122,244
NET POSITION				
Net investment in capital assets	17,156,191	478,137	17,634,328	-
Restricted for:				
Judicial	28,435	-	28,435	-
Victims Witness	2,105	-	2,105	-
Public safety	342,904	-	342,904	-
Economic development	110,988	-	110,988	-
Capital outlay	4,503,055	-	4,503,055	-
Special use	-	-	-	278,634
Unrestricted (deficit)	200,817	72,937	273,754	(497,084)
Total net position	$ 22,344,495	$ 551,074	$ 22,895,569	$ (218,450)

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

MITCHELL COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

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	$ 3,731,376	$ 282,166	$ -	$ -
Judicial	1,098,184	-	-	-
Public safety	5,875,278	2,258,818	13,966	16,973
Public works	3,746,816	41,779	89,073	19,796
Health and welfare	159,973	-	-	-
Recreation	375,330	84,506	-	-
Housing and development	537,108	1,350	-	208,566
Interest on long-term debt	434,929	-	-	-
Total governmental activities	15,958,994	2,668,619	103,039	245,335
Business-type activities:				
Water and sewer system	188,966	401,472	-	-
Total business-type activities	188,966	401,472	-	-
Total primary government	$ 16,147,960	$ 3,070,091	$ 103,039	$ 245,335
Component unit:				
Mitchell County Board of Health	705,066	278,178	409,139	-
Total component unit	$ 705,066	$ 278,178	$ 409,139	$ -
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
$ (3,449,210)	$ -	$ (3,449,210)	$ -
(1,098,184)	-	(1,098,184)	-
(3,585,521)	-	(3,585,521)	-
(3,596,168)	-	(3,596,168)	-
(159,973)	-	(159,973)	-
(290,824)	-	(290,824)	-
(327,192)	-	(327,192)	-
(434,929)	-	(434,929)	-
(12,942,001)	-	(12,942,001)	-
-	212,506	212,506	-
-	212,506	212,506	-
(12,942,001)	212,506	(12,729,495)	-
-	-	-	(17,749)
$ -	$ -	$ -	$ (17,749)
$ 12,043,300	$ -	$ 12,043,300	$ -
2,257,452	-	2,257,452	-
26,253	-	26,253	-
688,795	-	688,795	-
249,276	-	249,276	-
8,917	-	8,917	-
28,757	-	28,757	-
225,851	(225,851)	-	-
15,528,601	(225,851)	15,302,750	-
2,586,600	(13,345)	2,573,255	(17,749)
19,757,895	564,419	20,322,314	(200,701)
$ 22,344,495	$ 551,074	$ 22,895,569	$ (218,450)

MITCHELL COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2015

ASSETS	General Fund	2012-2017 Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 6,955,990	$ 3,719,414	$ 746,467	$ 11,421,871
Investments	-	-	251,895	251,895
Taxes receivables	2,061,583	192,683	121,544	2,375,810
Accounts receivables, net of allowances	71,022	-	-	71,022
Notes receivable	200,000	-	93,056	293,056
Restricted cash	543,011	-	-	543,011
Total assets	$ 9,831,606	$ 3,912,097	$ 1,212,962	$ 14,956,665
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 227,435	$ 6,312	$ -	$ 233,747
Accrued liabilities	115,003	-	-	115,003
Due to other governments	-	8,922	2,707	11,629
Total liabilities	342,438	15,234	2,707	360,379
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,237,901	-	-	1,237,901
Total deferred inflow of resources	1,237,901	-	-	1,237,901
FUND BALANCES				
Nonspendable:				
Long-term receivable	-	-	76,158	76,158
Restricted for:				
Judicial	-	-	28,435	28,435
Victims witness	2,105	-	-	2,105
Public safety	-	-	342,904	342,904
Economic development	-	-	110,988	110,988
Capital outlay	540,906	3,896,863	65,286	4,503,055
Committed for:				
Public safety	-	-	169,094	169,094
Public assistance	-	-	36,130	36,130
Housing and development	-	-	381,260	381,260
Unassigned	7,708,256	-	-	7,708,256
Total fund balances	8,251,267	3,896,863	1,210,255	13,358,385
Total liabilities, deferred inflows of resources, and fund balances	$ 9,831,606	$ 3,912,097	$ 1,212,962	

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.	18,517,323
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,237,901
Deferred outflows of resources related to the net difference between projected and actual earnings on pension plan investments and contributions subsequent to the measurement date are not available to pay for current expenditures and, therefore, are not reported in the governmental funds.	294,432
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.	(295,333)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.	(10,029,654)
The net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds.	(738,559)
Net position of governmental activities	$ 22,344,495

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, 2015

	General Fund	2012-2017 Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 11,711,060	$ -	$ 238,198	$ 11,949,258
Sales taxes	161,374	2,096,078	-	2,257,452
Franchise taxes	26,253	-	-	26,253
Insurance premium taxes	688,795	-	-	688,795
Other taxes	249,276	-	-	249,276
Licenses and permits	26,921	-	-	26,921
Intergovernmental	119,513	-	208,566	328,079
Charges for services	1,271,776	-	570,750	1,842,526
Fines and forfeitures	374,909	-	83,644	458,553
Interest income	3,338	20,139	5,735	29,212
Other revenues	340,619	-	-	340,619
Total revenues	14,973,834	2,116,217	1,106,893	18,196,944
Expenditures				
Current:				
General government	3,784,286	-	-	3,784,286
Judicial	812,561	-	279,505	1,092,066
Public safety	4,719,722	-	803,859	5,523,581
Public works	2,420,984	-	11,000	2,431,984
Health and welfare	159,750	-	-	159,750
Recreation	365,950	-	-	365,950
Housing and development	293,093	-	226,174	519,267
Intergovernmental	-	1,239,501	-	1,239,501
Capital outlay	-	64,613	32,885	97,498
Debt service:				
Principal	6,714,117	-	50,695	6,764,812
Interest	301,809	-	5,757	307,566
Fiscal agent fees	155,377	-	-	155,377
Total expenditures	19,727,649	1,304,114	1,409,875	22,441,638
Excess (deficiency) of revenues over (under) expenditures	(4,753,815)	812,103	(302,982)	(4,244,694)
Other financing sources (uses)				
Proceeds from the sale of capital assets	66,235	-	-	66,235
Capital leases	520,408	-	-	520,408
Issuance of bondsand notes payable	6,160,000	-	-	6,160,000
Transfers in	255,851	-	345,498	601,349
Transfers out	(345,498)	-	(30,000)	(375,498)
Total other financing sources (uses)	6,656,996	-	315,498	6,972,494
Net change in fund balances	1,903,181	812,103	12,516	2,727,800
Fund balances, beginning of year	6,348,086	3,084,760	1,197,739	10,630,585
Fund balances, end of year	$ 8,251,267	$ 3,896,863	$ 1,210,255	$ 13,358,385

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, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$	2,727,800
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 depreciation exceeds captial outlays in the current period.		(319,449)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(37,478)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		94,042
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.		84,404
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.		(43,190)
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.		(22,870)
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.		103,341
Change in net position - governmental activities	$	2,586,600

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, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 11,823,300	$ 11,823,300	$ 11,711,060	$ (112,240)
Sales taxes	143,500	143,500	161,374	17,874
Franchise taxes	25,500	25,500	26,253	753
Insurance premium taxes	643,175	643,175	688,795	45,620
Other taxes	200,000	200,000	249,276	49,276
Licenses and permits	19,000	19,000	26,921	7,921
Intergovernmental	638,400	638,400	119,513	(518,887)
Charges for services	1,106,050	1,106,050	1,271,776	165,726
Fines and forfeitures	553,250	553,250	374,909	(178,341)
Interest revenue	3,500	3,500	3,338	(162)
Other revenues	73,700	287,115	340,619	53,504
Total revenues	15,229,375	15,442,790	14,973,834	(468,956)
Expenditures:				
Current:				
General government:				
Board of commissioners	88,675	88,675	84,600	4,075
Board of registrars	100,000	100,000	88,917	11,083
Commissioners office	365,225	369,330	369,330	-
General government	1,874,700	2,175,322	2,175,322	-
Tax commissioner	262,575	262,575	220,533	42,042
Tax assessor	323,875	323,875	305,552	18,323
Courthouse/public buildings	219,800	219,800	212,639	7,161
Other services	336,075	336,075	327,393	8,682
Total general government	3,570,925	3,875,652	3,784,286	91,366
Judicial:				
Superior court	81,525	81,525	74,043	7,482
Clerk of Superior court	260,200	260,200	251,004	9,196
Board of equalization	4,550	4,550	990	3,560
District attorney	28,000	28,000	28,000	-
State court	181,700	181,700	141,159	40,541
Magistrate court	188,025	188,025	162,097	25,928
Probate court	121,700	121,700	118,147	3,553
Juvenile court	36,100	37,121	37,121	-
Total judicial	901,800	902,821	812,561	90,260
Public safety:				
Sheriff	2,673,150	2,673,150	2,518,235	154,915
Corrections	1,848,800	1,848,800	1,446,848	401,952
Probation/community service	144,800	144,800	134,383	10,417
Volunteer fire association	225,725	241,282	241,282	-
Emergency medical services	393,975	393,975	263,469	130,506
Coroner	34,900	34,900	31,587	3,313
Animal control	76,300	76,300	68,826	7,474
Emergency management agency	21,200	21,200	15,092	6,108
Total public safety	5,418,850	5,434,407	4,719,722	714,685

(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, 2015

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures: (Continued)				
Current:				
Public works:				
Public works	$ 2,430,800	$ 2,430,800	$ 1,991,959	$ 438,841
Landfill	568,975	568,975	429,025	139,950
Total public works	2,999,775	2,999,775	2,420,984	578,791
Health and welfare:				
Health centers	159,950	159,950	156,796	3,154
Public welfare	10,000	10,000	2,954	7,046
Total health and welfare	169,950	169,950	159,750	10,200
Recreation	374,375	374,375	365,950	8,425
Housing and development:				
NRCS - conservation office	17,500	35,732	35,732	-
Extension service	92,975	92,975	86,445	6,530
Planning and zoning	108,850	108,850	86,158	22,692
Development authority	88,700	88,700	84,758	3,942
Total housing and development	308,025	326,257	293,093	33,164
Debt service:				
Principal	1,304,275	6,714,117	6,714,117	-
Interest	31,150	301,809	301,809	-
Fiscal agent fees	-	155,377	155,377	-
Total debt service	1,335,425	7,171,303	7,171,303	-
Total expenditures	15,079,125	21,254,540	19,727,649	1,526,891
Excess of revenues over expenditures	150,250	(5,811,750)	(4,753,815)	1,057,935
Other financing sources (uses)				
Proceeds from sale of capital assets	20,000	20,000	66,235	46,235
Capital leases	144,000	144,000	520,408	376,408
Issuances of bonds and notes payable	-	5,962,000	6,160,000	198,000
Transfers in	368,225	368,225	255,851	(112,374)
Transfers out	(682,475)	(682,475)	(345,498)	336,977
Total other financing sources (uses)	(150,250)	5,811,750	6,656,996	845,246
Net change in fund balances	-	-	1,903,181	1,903,181
Fund balances, beginning of year	6,348,086	6,348,086	6,348,086	-
Fund balances, end of year	$ 6,348,086	$ 6,348,086	$ 8,251,267	$ 1,903,181

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

MITCHELL COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

DECEMBER 31, 2015

	Water and Sewer System	Governmental Activities - Internal Service Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 41,350	$ -	$ 41,350
Accounts receivable	32,402	-	32,402
Total current assets	73,752	-	73,752
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	81,920	-	81,920
Depreciable, net of accumulated depreciation	492,830	-	492,830
Total noncurrent assets	574,750	-	574,750
Total assets	648,502	-	648,502
LIABILITIES			
CURRENT LIABILITIES			
Outstanding checks in excess of bank balance	-	31,976	31,976
Claims payable	-	263,357	263,357
Current portion - notes payable	29,974	-	29,974
Current portion - compensated absences	652	-	652
Total current liabilities	30,626	295,333	325,959
NONCURRENT LIABILITIES			
Notes payable, net of current portion	66,639	-	66,639
Compensated absences, net of current portion	163	-	163
Total noncurrent liabilities	66,802	-	66,802
Total liabilities	97,428	295,333	392,761
NET POSITION (DEFICIT)			
Net investment in capital assets	478,137	-	478,137
Unrestricted (deficit)	72,937	(295,333)	(222,396)
Total net position (deficit)	$ 551,074	$ (295,333)	$ 255,741

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, 2015

	Water and Sewer System	Governmental Activities - Internal Service Fund	Totals
OPERATING REVENUES			
Charges for services	$ 401,472	$ 1,280,274	$ 1,681,746
Total operating revenues	401,472	1,280,274	1,681,746
OPERATING EXPENSES			
Personal services	38,419	-	38,419
Cost of sales and services	37,233	-	37,233
Supplies	68,690	-	68,690
Claims	-	1,303,144	1,303,144
Depreciation	39,792	-	39,792
Total operating expenses	184,134	1,303,144	1,487,278
Operating income	217,338	(22,870)	194,468
NONOPERATING EXPENSES			
Interest expense	(4,832)	-	(4,832)
Total nonoperating expenses	(4,832)	-	(4,832)
Income (loss) before transfers	212,506	(22,870)	189,636
TRANSFERS			
Transfers out	(225,851)	-	(225,851)
Total transfers	(225,851)	-	(225,851)
Change in net position	(13,345)	(22,870)	(36,215)
NET POSITION (DEFICIT), beginning of year	564,419	(272,463)	291,956
NET POSITION (DEFICIT), end of year	$ 551,074	$ (295,333)	$ 255,741

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, 2015

	Water and Sewer System	Governmental Activities - Internal Service Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 403,670	$ 1,280,274	$ 1,683,944
Payments to suppliers	(105,923)	(1,161,251)	(1,267,174)
Payments to employees	(38,338)	-	(38,338)
Net cash provided by operating activities	259,409	119,023	378,432
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(225,851)	-	(225,851)
Net cash used in noncapital financing activities	(225,851)	-	(225,851)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on notes payable	(28,726)	-	(28,726)
Interest paid	(4,832)	-	(4,832)
Net cash used in capital and related financing activities	(33,558)	-	(33,558)
Increase in cash and cash equivalents	-	119,023	119,023
Cash and cash equivalents:			
Beginning of year	41,350	(150,999)	(109,649)
End of year	$ 41,350	$ (31,976)	$ 9,374
Classified as:			
Cash and cash equivalents	$ 41,350	$ -	$ 41,350
Outstanding checks in excess of bank balance	-	(31,976)	(31,976)
	$ 41,350	$ (31,976)	$ 9,374
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	$ 217,338	$ (22,870)	$ 194,468
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	39,792	-	39,792
Changes in assets and liabilities:			
Decrease in accounts receivable	2,198	-	2,198
Increase in claims payable	-	141,893	141,893
Increase in compensated absences	81	-	81
Net cash provided by operating activities	$ 259,409	$ 119,023	$ 378,432

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

MITCHELL COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

DECEMBER 31, 2015

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 189,998
Taxes receivable	1,638,093
Total assets	$ 1,828,091
LIABILITIES	
Due to others	$ 189,998
Uncollected taxes	1,638,093
Total liabilities	$ 1,828,091

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 Mitchell 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, 2015.

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, other than the items related to the changes in the net pension liability which are discussed below.

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.

The County also has deferred outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Mitchell County, Georgia Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. 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.

- ***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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity and Net Position (Continued)

- ***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.

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.

L. 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 $10,029,654 difference are as follows:

Accrued interest payable	$ (13,067)
Capital lease payable	(1,161,132)
Notes payable	(200,000)
Bonds payable	(5,580,000)
Compensated absences	(152,922)
Closure and postclosure care costs	(2,922,533)
Net adjustment to reduce *fund balance - total governmental* to arrive at *net position - governmental activities*	$ (10,029,654)

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 $319,449 difference are as follows:

Capital outlay	$ 702,042
Depreciation expense	(1,021,491)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (319,449)

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 (Continued)

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 $84,404 difference are as follows:

Debt issued - notes and bonds payable	$	(6,160,000)
Capital lease financing		(520,408)
Principal payments - capital lease		144,812
Principal payments - bonds payable		6,620,000
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	84,404

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 $103,341 difference are as follows:

Compensated absences	$	24,116
Accrued interest		28,014
Change in net pension and related deferred outflows of resources		51,211
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	103,341

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, 2015 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.

C. Excess Expenditures Over Appropriations

For the year ended December 31, 2015, the General Fund had no departments with excess of actual expenditures over appropriations.

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, 2015, 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	$ 251,895

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.

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, 2015, $6,050 of the Mitchell County Development Authority, a blended component unit, 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, 2015:

	General	2012-2017 Sales Tax Fund	Nonmajor Governmental Funds	Water and Sewer System	Total
Receivables:					
Taxes	$ 2,134,417	$ 192,683	$ 121,544	$ -	$ 2,448,644
Accounts	71,022	-	-	32,402	103,424
Notes	200,000	-	93,056	-	293,056
Gross receivables	2,405,439	192,683	214,600	32,402	2,845,124
Less allowance for uncollectibles	(72,834)	-	-	-	(72,834)
Net total receivable	$ 2,332,605	$ 192,683	$ 214,600	$ 32,402	$ 2,772,290

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, 2015. Property taxes were levied on February 6, 2015, and payable on or before December 20, 2015. The County bills and collects its own property taxes. Property taxes levied for 2015 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2015, and collected by February 28, 2016, are recognized as revenues in the year ended December 31, 2015. Net receivables estimated to be collected subsequent to February 28, 2016, 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, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land and land improvements	$ 3,058,069	$ -	$ -	$ -	$ 3,058,069
Construction in progress	841,306	-	-	(841,306)	-
Total capital assets, not being depreciated	3,899,375	-	-	-	3,058,069
Capital assets, being depreciated:					
Buildings	10,619,341	-	-	-	10,619,341
Infrastructure	16,864,176	-	-	841,306	17,705,482
Vehicles and equipment	11,900,412	702,042	(997,564)	-	11,604,890
Total capital assets, being depreciated	39,383,929	702,042	(997,564)	-	39,929,713
Less accumulated depreciation for:					
Buildings	(6,005,354)	(267,202)	-	-	(6,272,556)
Infrastructure	(8,084,083)	(332,718)	-	-	(8,416,801)
Vehicles and equipment	(10,319,617)	(421,571)	960,086	-	(9,781,102)
Total accumulated depreciation	(24,409,054)	(1,021,491)	960,086	-	(24,470,459)
Total capital assets, being depreciated, net	14,974,875	(319,449)	(37,478)	-	15,459,254
Governmental activities capital assets, net	$ 18,874,250	$ (319,449)	$ (37,478)	$ -	$ 18,517,323

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	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	(1,176,672)	(29,246)	-	-	(1,205,918)
Infrastructure	(534,830)	(10,546)	-	-	(545,376)
Vehicles and equipment	(29,983)	-	-	-	(29,983)
Total	(1,741,485)	(39,792)	-	-	(1,781,277)
Total capital assets, being depreciated, net	532,622	(39,792)	-	-	492,830
Business-type activities capital assets, net	$ 614,542	$ (39,792)	$ -	$ -	$ 574,750

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

Governmental activities:	
Judicial	$ 9,167
Public safety	434,277
Public works	547,846
Recreation	5,526
Housing and development	24,675
Total depreciation expense - governmental activities	$ 1,021,491
Business-type activities:	
Water and Sewer System Fund	$ 39,792
Total depreciation expense - business-type activities	$ 39,792

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

	Balance June 30, 2014	Increases	Decreases	Transfers	Balance June 30, 2015
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, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ -	$ 200,000	$ -	$ 200,000	$ 200,000
Capital leases payable	785,536	520,408	(144,812)	1,161,132	156,858
Bonds payable	6,240,000	5,960,000	(6,620,000)	5,580,000	865,000
Compensated absences	177,038	117,514	(141,630)	152,922	122,337
Closure and postclosure care costs	2,879,343	43,190	-	2,922,533	-
Net pension liability	757,890	666,408	(685,739)	738,559	-
Governmental activities long-term liabilities	$ 10,839,807	$ 7,507,520	$ (7,592,181)	$ 10,755,146	$ 1,344,195
Business-type activities:					
Notes payable	$ 125,339	$ -	$ (28,726)	$ 96,613	$ 29,974
Compensated absences	734	668	(587)	815	652
Business-type activities long-term liabilities	$ 126,073	$ 668	$ (29,313)	$ 97,428	$ 30,626
Component unit - Mitchell County Board of Health:					
Compensated absences	$ 30,012	$ -	$ (3,313)	$ 26,699	$ 2,670
Mitchell County Board of Health long-term liabilities	$ 30,012	$ -	$ (3,313)	$ 26,699	$ 2,670

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, 2015:

Purpose	Original Amount	Interest Rate	Due Date	Balance at December 31, 2015
Equipment	$ 200,000	0.00%	2015	$ 200,000
				200,000
			Less current maturities	(200,000)
				$ -

The County has also incurred debt to a financial institution for additions to the water system. This note is as follows at December 31, 2015:

Purpose	Original Amount	Interest Rate	Due Date	Balance at December 31, 2015
Water system additions	$ 226,923	4.24%	2019	$ 96,613
				96,613
			Less current maturities	(29,974)
				$ 66,639

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

Fiscal Year Payable	Total	Principal	Interest
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
	$ 103,468	$ 96,613	$ 6,855

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 $253,292 as of December 31, 2015.

The following is an analysis of leased assets under capital leases as of December 31, 2015:

	Governmental Activities
Equipment	$ 3,017,268
Less: Accumulated depreciation	(1,843,394)
	$ 1,173,874

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments as of December 31, 2015:

	Governmental Activities
Year ending December 31,	
2016	$ 182,622
2017	299,667
2018	427,252
2019	29,216
2020	287,411
Total minimum lease payments	1,226,168
Less amount representing interest	(65,036)
Present value of future minimum lease payments	$ 1,161,132

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 $2,922,533 at December 31, 2015. 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. During the year ending the year ended December 31, 2015, the County refinanced the bonds to accrue interest at 2.810% with payments beginning June 1, 2015. The County will experience a decrease in interest of $1,444,039 as a result of the refinancing.

Revenue bonds debt service requirements to maturity are as follows as of December 31, 2015:

Year ending December 31,	Principal	Interest	Total
2016	$ 865,000	$ 156,798	$ 1,021,798
2017	890,000	132,492	1,022,492
2018	915,000	107,483	1,022,483
2019	945,000	81,771	1,026,771
2020	970,000	55,217	1,025,217
2021	995,000	27,960	1,022,960
	$ 5,580,000	$ 561,721	$ 6,141,721

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, 2015 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, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Line of Credit	$ -	$ 1,500,150	$ 1,500,150	$ -

NOTE 9. INTERFUND TRANSFERS

The composition of interfund transfers as of December 31, 2015, is as follows:

	Transfer From			
Transfer To	General Fund	Water and Sewer System Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 225,851	$ 30,000	$ 255,851
Nonmajor Governmental Funds	345,498	-	-	345,498
Total	$ 345,498	$ 225,851	$ 30,000	$ 601,349

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. Deferred Compensation Plan – Primary Government

Mitchell County maintains a deferred compensation 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, 2015, 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, 2015, County employees contributed $4,550.

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan – Primary Government

Plan Description

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, The Mitchell County Defined Benefit Plan (the Plan), covering substantially all of the County's employees. The County's pension plan is administered through the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp and affiliated with the Association of County Commissioners of Georgia (ACCG). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Plan benefits are provided for Plan participants who were participants in the Plan before January 1, 2004 whereby retirees receive between 1% and 1.75% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. Plan benefits are provided for Plan participants who were participants in the Plan on or after January 1, 2004 whereby retirees receive 1% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at **www.gebcorp.com** or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

Plan Membership

As of January 1, 2015, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	48
Inactive plan members entitled to but not receiving benefits	114
Active plan members	83
	245

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan – Primary Government (Continued)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of the ACCG Plan has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the County Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. No contributions are made by plan participants. For the year ended December 31, 2015, the County's contribution rate was 15.12% of annual payroll. County contributions and employee contributions to the Plan were $837,675 and $191,146, respectively, for the year ended December 31, 2015.

Net Pension Liability of the County

Effective July 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significantly changed the County's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The County's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2014.

Actuarial Assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	3% - 5.5%, including inflation
Investment rate of return	7.75 %, net of pension plan investment expense, including inflation

Mortality rates for were based on the RP-2000 Combined Healthy Mortality Table.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study through December 31, 2014.

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan – Primary Government (Continued)

Net Pension Liability of the County (Continued)

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return *
Fixed income	30 %	6.78 %
Large Cap equity	30	9.77
International equity	15	7.48
Other equity	20	9.23
Real estate	5	10.63
	100 %	

* Rates shown are net of the 3.00% assumed rate of inflation

Discount Rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made based on the average County contribution made to the Plan over the prior five years. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan – Primary Government (Continued)

Net Pension Liability of the County (Continued)

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended December 31, 2015, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2014	$ 6,604,602	$ 5,846,712	$ 757,890
Changes for the year:			
Service cost	88,502	-	88,502
Interest	483,704	-	483,704
Contributions - employer	-	262,552	(262,552)
Contributions - employee	-	-	-
Net investment income	-	423,187	(423,187)
Benefit payments, including refunds of employee contributions	(310,428)	(310,428)	-
Administrative expense	-	(15,076)	15,076
Other charges	-	(79,126)	79,126
Net changes	261,778	281,109	(19,331)
Balances at December 31, 2015	$ 6,866,380	$ 6,127,821	$ 738,559

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.5 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's net pension liability	$ 1,643,645	$ 738,559	$ (15,281)

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan – Primary Government (Continued)

Net Pension Liability of the County (Continued)

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 a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2014 and the current sharing pattern of costs between employer and employee

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2015, the County recognized pension expense of $837,637. At December 31, 2015, the County reported deferred outflows of resources related to pensions from the following sources

Year ending December 31:		
2016	$	7,970
2017		7,970
2018		7,970
2019		7,970
Total	$	31,880

The amount reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:		
2016	$	7,970
2017		7,970
2018		7,970
2019		7,970
Total	$	31,880

NOTE 10. RETIREMENT PLANS (CONTINUED)

C. Defined Benefit Plan – Discretely Presented Component Unit – Mitchell County Board of Health

Plan Description

The employees of the Mitchell County Board of Health participate in the Employees' Retirement System of Georgia (the "Plan"), a cost-sharing multi-employer defined contribution plan, established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. The Plan is administered by the Employees' Retirement System of Georgia. The System is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law and the funding policy adopted by the Board. Each plan and fund, including benefit contributions provisions, was established and can be amended by state law. The Plan issues a publicly available financial report that can be obtained at www.ers.ga.gov.

Benefits Provided

The ERS Plan supports three benefits tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the Old Plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are New Plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS member hired prior to January 1, 2009 also have the option to irrevocably change their memberships to GSEPS.

Under the Old Plan, the New Plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for member under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to member's benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

NOTE 10. RETIREMENT PLANS (CONTINUED)

C. Defined Benefit Plan – Discretely Presented Component Unit – Mitchell County Board of Health (Continued)

Contributions

Member contributions under the Old Plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the Old Plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the Old Plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the New Plan and GSEPS are 1.25% of annual compensation.

The Health Department's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2015 was 21.96% of annual covered payroll for old and new plan members and 18.87% for GSEPS members.

The employees of the Mitchell County Board of Health are covered by the Employees' Retirement System of the State of Georgia. Total retirement contributions for the year ended June 30, 2015 were $72,122 based on qualifying salaries of $344,776.

GASB 68 Implementation

Effective July 1, 2014, the Mitchell County Board of Health implemented the provisions of GASB 68, as required by the Governmental Accounting Standard Board. In conjunction with the implementation of Government Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* as well as Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date – and amendment of GASB Statement No. 68,* the Board of Health is required to change its accounting treatment of pensions. The new standard establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

NOTE 10. RETIREMENT PLANS (CONTINUED)

C. Defined Benefit Plan – Discretely Presented Component Unit – Mitchell County Board of Health (Continued)

The following schedules reflect the implementation of GASB Statement No. 68 and information concerning this implementation:

Contributions made during the measurement period (fiscal year ended June 30, 2014)	$	55,057
Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions		
Employer's proportionate share of net pension liability	$	500,858
Employer's proportion of net pension liability		.013354%
Increase/(decrease) form proportion measured as of June 30, 2013		.000656%
Employer's recognized pension expense	$	42,830

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

For the year ended June 30, 2015, the Board of Health recognized pension expense of $42,830. At June 30, 2015, the Board of Health reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 122,244
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,590	-
Employer contributions subsequent to the measurement date	72,122	-
	$ 91,712	$ 122,244

NOTE 10. RETIREMENT PLANS (CONTINUED)

C. Defined Benefit Plan – Discretely Presented Component Unit – Mitchell County Board of Health (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2016		$ (18,317)
2017		(23,214)
2018		(30,561)
2019		(30,562)
	Total	$ (102,654)

The schedule above does not include employer contributions subsequent to the measurement date of $171,346, which will be recognized in the fiscal year ended June 30, 2016.

Actuarial Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.45-9.25%, including inflation
Investment rate of return	7.50%, net pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period of July 1, 2004 – June 30, 2009.

NOTE 10. RETIREMENT PLANS (CONTINUED)

C. Defined Benefit Plan – Discretely Presented Component Unit – Mitchell County Board of Health (Continued)

Actuarial Assumptions (Continued)

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

Asset class	Target Allocation	Long-term expected real rate of return *
Fixed income	30.00 %	3.00 %
Domestic large stocks	39.70	6.50
Domestic mid stocks	3.70	10.00
Domestic small stocks	1.60	13.00
International developed market stocks	18.90	6.50
International emerging market stocks	6.10	11.00
Total	100.00 %	

* Rates shown are net of the 3.00% assumed rate of inflation

Discount Rate

The discount rate used to measure the total liability was 7.50% The projection of cash flows used to determine the discount rate assumed that plan member contributions will made at the current contribution rate and that employer contributions will be made at rates equal to the differences between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 10. RETIREMENT PLANS (CONTINUED)

C. Defined Benefit Plan – Discretely Presented Component Unit – Mitchell County Board of Health (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Health Department's proportionate share of net pension liability	$ 730,350	$ 500,858	$ 305,506

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS Comprehensive Annual Report for the fiscal year ended June 30, 2014. The supporting actuarial information is included in the GASB Statement No. 67 Report for the ERS prepared as of June 30, 2014. The auditor's report dated October 31, 2014 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2014, along with supporting schedules is also available. The additional financial and actuarial information is available at www.ers.ga.gov. long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2015.

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, 2015 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:

	2015	2014
Unpaid claims, beginning of fiscal year	**$ 121,464**	$ 50,767
Incurred claims and changes in estimates	**1,303,144**	1,180,233
Claim payments	**(1,161,251)**	(1,109,536)
Unpaid claims, end of fiscal year	**$ 263,357**	$ 121,464

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, 2015, 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 $295,333 at December 31, 2015. The Self-Insurance Health Benefit Fund deficit is intended to be eliminated through increased user charges and transfers from the General Fund.

NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE

A. Primary Government

The County has determined that restatements to the July 1, 2014 beginning net position of the County's governmental activities were required to recognize the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No, 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, through which accounting for pension plans and the related disclosure requirements were modified.

The adjustment resulted in changes to the beginning net positions as follows:

Governmental activities net position, as previously reported	$ 20,280,435
Adjustment needed to properly remove net pension asset	(27,202)
Adjustment needed to properly report net pension liability	(757,890)
Adjustment needed to properly report the County's contribution as deferred outflows of resources	262,552
Governmental activities net position, as restated for the fiscal year ended December 31, 2014	$ 19,757,895

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

The net position-beginning is restated due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement requires the recording of the Employer Proportion of the Net Pension Liability for Defined Benefit Pension Plans. The implementation of GASB No. 68 required retroactive application and restatement of all periods presented.

The effect of this change on Net Position-Beginning is:

Net position as originally reported June 30, 2014	$ 359,981
Effect of restatement:	
Net pension liability	(616,189)
Deferred outflows of pension contributions	55,507
Net position as restated June 30, 2014	$ (200,701)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS

	2015
Total pension liability	
Service cost	$ 88,502
Interest on total pension liability	495,345
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(322,069)
Net change in total pension liability	261,778
Total pension liability - beginning	6,604,602
Total pension liability - ending (a)	$ 6,866,380
Plan fiduciary net position	
Contributions - employer	262,552
Contributions - employee	-
Net investment income	423,187
Benefit payments, including refunds of employee contributions	(310,428)
Administrative expenses	(15,076)
Other	(79,126)
Net change in plan fiduciary net position	281,109
Plan fiduciary net position - beginning	5,846,712
Plan fiduciary net position - ending (b)	$ 6,127,821
County's net pension liability - ending (a) - (b)	$ 738,559
Plan fiduciary net position as a percentage of the total pension liability	89.2%
Covered-employee payroll	$ 2,461,390
County's net pension liability as a percentage of covered-employee payroll	30.0%

Notes to the Schedule
The schedule will present 10 years of information once it is accumulated.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS

	2015	2014
Actuarially determined contribution	$ 836,721	$ 1,033,826
Contributions in relation to the actuarially determined contribution	837,675	1,038,160
Contribution deficiency (excess)	$ (954)	$ (4,334)
Covered-employee payroll	$ 2,461,390	$ 2,574,451
Contributions as a percentage of covered -employee payroll	34.0%	40.3%

Notes to the Schedule

Valuation date	January 1, 2014
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a 5-year smoothing period
Assumed Rate of Return on Investments	7.75%
Projected Salary Increases	3% - 5.5% (including 3% for inflation)
Amortization Period	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

REQUIRED SUPPLEMENTARY INFORMATION

COMPONENT UNIT – MITCHELL COUNTY BOARD OF HEALTH
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM

		2015
Employer's proportion of the net pension liability		0.013354%
Employer's proportionate share of the net pension liability	$	500,858
Employer's covered-employee payroll during measurement period	$	344,776
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll		145.27%
Plan fiduciary net position as a percentage of the total pension liability		77.99%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION

COMPONENT UNIT – MITCHELL COUNTY BOARD OF HEALTH
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM

	2015	2014	2013	2012	2011
Contractually required contribution	$ 72,122	$ 56,745	$ 44,751	$ 34,117	$ 31,385
Contributions in relation to the contractually required contribution	72,122	56,745	44,751	34,117	31,385
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 344,776	$ 321,749	$ 314,017	$ 332,044	$ 354,414
Contributions as a percentage of covered-employee payroll	20.92%	17.64%	14.25%	10.27%	8.86%

	2010	2009	2008	2007	2006
Contractually required contribution	$ 37,535	$ 31,565	$ 33,806	$ 32,235	$ 31,558
Contributions in relation to the contractually required contribution	37,535	31,565	33,806	32,235	31,558
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 315,151	$ 367,404	$ 360,946	$ 309,654	$ 330,765
Contributions as a percentage of covered-employee payroll	11.91%	8.59%	9.37%	10.41%	9.54%

Notes to the Schedule of Employer Contributions

Valuation date	June 30, 2013
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Seven-year smoothed market
Inflation rate	3.00%
Salary increases	2.75%-4.625% for FY2012-2013, 5.45%-9.25% for FY2014+
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

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.

Fire District Fund is used to account for funds received from property taxes restricted for expenditures for fire districts.

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, 2015

	Special Revenue Funds						
ASSETS	**Drug Abuse and Treatment Education Fund**	**Jail Fund**	**Law Library Fund**	**CDBG Fund**	**Jail Commissary Fund**	**E-911 Fund**	**Confiscated Assets Fund**
Cash and cash equivalents	$ 68,238	$ 16,601	$ 28,435	$ -	$ 169,094	$ -	$ 19,897
Investments	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Total assets	$ 68,238	$ 16,601	$ 28,435	$ -	$ 169,094	$ -	$ 19,897
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Due to other governments	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable:							
Long-term receivable	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for:							
Judicial	-	-	28,435	-	-	-	-
Public safety	68,238	16,601	-	-	-	-	19,897
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Committed for:							
Public safety	-	-	-	-	169,094	-	-
Public assistance	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-
Total fund balances	68,238	16,601	28,435	-	169,094	-	19,897
Total liabilities and fund balances	$ 68,238	$ 16,601	$ 28,435	$ -	$ 169,094	$ -	$ 19,897

						Capital Projects Fund	
Tornado Relief Fund	Mitchell County Development Authority	Fire District Fund	Public Defender Fund	Revolving Loan Fund	2006-2011 Sales Tax Fund	Totals
$ 36,130	$ 129,365	$ 116,624	$ -	$ 94,090	$ 67,993	$ 746,467
-	251,895	-	-	-	-	251,895
-	-	121,544	-	-	-	121,544
-	-	-	-	93,056	-	93,056
$ 36,130	$ 381,260	$ 238,168	$ -	$ 187,146	$ 67,993	$ 1,212,962
$ -	$ -	$ -	$ -	$ -	$ 2,707	$ 2,707
-	-	-	-	-	2,707	2,707
$ -	$ -	$ -	$ -	$ 76,158	$ -	$ 76,158
-	-	-	-	-	-	28,435
-	-	238,168	-	-	-	342,904
-	-	-	-	110,988	-	110,988
-	-	-	-	-	65,286	65,286
-	-	-	-	-	-	169,094
36,130	-	-	-	-	-	36,130
-	381,260	-	-	-	-	381,260
36,130	381,260	238,168	-	187,146	65,286	1,210,255
$ 36,130	$ 381,260	$ 238,168	$ -	$ 187,146	$ 67,993	$ 1,212,962

MITCHELL COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds						
	Drug Abuse and Treatment Education Fund	Jail Fund	Law Library Fund	CDBG Fund	Jail Commissary Fund	E-911 Fund	Confiscated Assets Fund
Revenues:							
Property taxes	$ -	$ -	-	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	11,000	-	-	-
Charges for services	-	-	-	-	262,689	306,711	-
Fines and forfeitures	24,360	23,533	6,478	-	-	-	29,273
Interest revenue	-	47	37	-	-	-	110
Total revenues	24,360	23,580	6,515	11,000	262,689	306,711	29,383
Expenditures:							
Current:							
Judicial	-	-	6,627	-	-	-	-
Public safety	16,271	-	-	-	188,059	523,974	75,500
Public works	-	-	-	11,000	-	-	-
Housing and development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	50,695	-
Interest	-	-	-	-	-	5,757	-
Total expenditures	16,271	-	6,627	11,000	188,059	580,426	75,500
Excess (deficiency) of revenues over (under) expenditures	8,089	23,580	(112)	-	74,630	(273,715)	(46,117)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	273,715	-
Transfers out	-	(30,000)	-	-	-	-	-
Total other financing sources (uses)	-	(30,000)	-	-	-	273,715	-
Net change in fund balances	8,089	(6,420)	(112)	-	74,630	-	(46,117)
Fund balances, beginning of year	60,149	23,021	28,547	-	94,464	-	66,014
Fund balances, end of year	$ 68,238	$ 16,601	$ 28,435	$ -	$ 169,094	$ -	$ 19,897

					Capital Projects Fund	
Tornado Relief Fund	Mitchell County Development Authority	Fire District Fund	Public Defender Fund	Revolving Loan Fund	2006-2011 Sales Tax Fund	Totals
$ -	$ -	$ 238,198	$ -	$ -	$ -	$ 238,198
-	197,566	-	-	-	-	208,566
-	1,350	-	-	-	-	570,750
-	-	-	-	-	-	83,644
73	2,228	25	-	3,059	156	5,735
73	201,144	238,223	-	3,059	156	1,106,893
-	-	-	272,878	-	-	279,505
-	-	55	-	-	-	803,859
-	-	-	-	-	-	11,000
-	226,174	-	-	-	-	226,174
-	-	-	-	-	32,885	32,885
-	-	-	-	-	-	50,695
-	-	-	-	-	-	5,757
-	226,174	55	272,878	-	32,885	1,409,875
73	(25,030)	238,168	(272,878)	3,059	(32,729)	(302,982)
-	-	-	71,783	-	-	345,498
-	-	-	-	-	-	(30,000)
-	-	-	71,783	-	-	315,498
73	(25,030)	238,168	(201,095)	3,059	(32,729)	12,516
36,057	406,290	-	201,095	184,087	98,015	1,197,739
$ 36,130	$ 381,260	$ 238,168	$ -	$ 187,146	$ 65,286	$ 1,210,255

MITCHELL COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE YEAR ENDED DECEMBER 31, 2015

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	$ 6,421,323	$ -	$ 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	1,967,252	32,885	2,000,137
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	$ 14,395,703	$ 32,885	$ 14,428,588
2012 REFERENDUM				
Road, Street and Bridge Construction or Improvement	$ 7,187,766	$ 2,083,144	$ 64,613	$ 2,147,757
Ambulance Purchase	900,000	-	-	-
Narrow-Banding Projects	245,000	172,305	-	172,305
Desota Trail Library Project	47,222	47,222	-	47,222
Hand Trading Company Project	105,000	11,845	-	11,845
City of Pelham Projects	2,406,357	828,113	574,613	1,402,726
City of Sale City Projects	185,642	55,521	5,520	61,041
City of Camilla Projects	3,300,000	823,314	549,685	1,372,999
City of Baconton Projects	467,592	143,890	109,683	253,573
City of Meigs Projects	13,413	-	-	-
Totals	$ 14,857,992	$ 4,165,354	$ 1,304,114	$ 5,469,468

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 ASSETS AND LIABILITES
AGENCY FUNDS

DECEMBER 31, 2015

ASSETS	Clerk of Superior Court	Probate Court	Probation Office	Jail Inmate
Cash and cash equivalents	$ 85,791	$ 1,429	$ 20,375	$ 7,574
Taxes receivable	-	-	-	-
Total assets	$ 85,791	$ 1,429	$ 20,375	$ 7,574
LIABILITIES				
Due to others	$ 85,791	$ 1,429	$ 20,375	$ 7,574
Uncollected taxes	-	-	-	-
Total liabilities	$ 85,791	$ 1,429	$ 20,375	$ 7,574

Tax Commissioner	Magistrate Court	Total
$ 43,862	$ 30,967	$ 189,998
1,638,093	-	1,638,093
$ 1,681,955	$ 30,967	$ 1,828,091

$ 43,862	$ 30,967	$ 189,998
1,638,093	-	1,638,093
$ 1,681,955	$ 30,967	$ 1,828,091

COMPLIANCE SECTION

MAULDIN & JENKINS

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

Board of Commissioners
of Mitchell County, Georgia
Camilla, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component 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, 2015, 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 30, 2016. 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. As discussed in Note 10 and Note 15, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. Our opinion is not modified with respect to this matter.

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. We did identify a certain deficiency in internal control, described as item 2015-001 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 2015-002 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 30, 2016

MITCHELL COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2015

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?	__X__ yes ____ no

Federal Awards

There was not an audit of major federal award programs as of December 31, 2015 due to the total amount expended being less than $750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2015 – 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, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2015 - 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, 2015, the Development Authority's deposits held at one financial institution were undercollateralized.

Context: See Criteria above.

Effect: Development Authority accounts were under collateralized at Five Star Credit Union by $6,050, 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 the Development Authority deposits as of December 31, 2015.

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 2016. 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, 2015

2014 – 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 2015-001.

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, 2015, the County's deposits held at two financial institutions were undercollateralized.

Auditee Response/Status: Unresolved – See current year finding 2015-002.