MONTGOMERY COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Montgomery County Commissioners
Mount Vernon, Georgia 30445

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Montgomery County, Georgia, as of December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

We did not audit the financial statements of the Montgomery County Board of Health (Discretely Presented Component Unit) as of June 30, 2015, and for the year then ended which statements reflect total assets of $397,592 and total revenues of $311,547. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Montgomery County Board of Health, is based on the report of the other auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this included 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 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 Governmental 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.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Unit	Unmodified
Aggregate Remaining Fund Information	Qualified

Basis for Qualified Opinion on the Aggregate Remaining Fund Information

The financial statements of the Montgomery County Probate Court were audited except for certain records which were not provided to us. These records may include material revenues that were not recorded in the Montgomery County Probate Court's financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information as of December 31, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate discretely presented component unit, and the aggregate remaining fund information of Montgomery County, Georgia, as of December 31, 2015, and the respective changes in financial position and where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 37 through 40 and the Net Pension Liability Schedule on page 42 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.

Management has elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers is to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery County, Georgia's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements 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 non-major fund financial statements is 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 25, 2016 on our consideration of Montgomery County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the 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 Montgomery County, Georgia's internal control over financial reporting and compliance.

Nichols Calhoun McCullough Clark & Co., P.C.

Vidalia, Georgia
June 25, 2016

BASIC FINANCIAL STATEMENTS

MONTGOMERY COUNTY, GEORGIA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government	Component Unit
	Governmental Activities	Montgomery County Board of Health
Assets		
Cash and cash equivalents	$ 2,807,415	$ 323,736
Certificates of deposit	4,789	-
Accounts receivable	16,694	-
Taxes receivable	649,356	-
Other receivables	16,556	-
Due from other governments	164,310	27,483
Prepaid expenditures	30,460	-
Capital Assets:		
Equipment	4,207,210	67,153
Buildings	5,967,824	-
Office furniture and fixtures	260,036	-
Land	543,768	-
Infrastructure	2,739,373	-
Accumulated depreciation	(6,535,089)	(66,859)
Capital assets, net of depreciation	7,183,122	294
Total Assets	10,872,702	351,513
Deferred Outflows of Resources	-	46,079
Liabilities		
Accounts payable	162,807	-
Accrued expenditures	7,498	-
Due to others	35,255	13,165
Compensated absences		
Current	-	2,606
Long-term	-	10,423
Proportionate share of collective net pension liability	-	230,475
Notes payable - current	120,000	-
Capital leases payable		
Current	282,740	-
Long-term	712,130	-
Total Liabilities	1,320,430	256,669
Deferred Inflows of Resources	-	56,252
Net Position		
Net investment in capital assets	6,068,252	294
Restricted for:		
Health Department	-	62,023
Splost	286,930	-
Projects Fund	53,357	-
Special drug education	27,448	-
Special drug forfeiture	9,257	-
Senior nutrition	2,904	-
E911	13,442	-
Court (jail) fund	20,415	-
Law library	8,500	-
Development authority	38,208	-
T-Splost	88,203	-
Unrestricted	2,935,356	22,354
Total Net Position	$ 9,552,272	$ 84,671

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

MONTGOMERY COUNTY, GEORGIA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
DECEMBER 31, 2015

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions, and Interest	Program Revenues: Capital Grants, Contributions, and Interest	Net (Expense) Revenue and Changes in Net: Governmental Activities
Governmental Activities					
General Government					
Legislative and Executive	$ 916,990	$ 127,260	$ -	$ -	$ (789,730)
Judicial	388,172	272,435	-	-	(115,737)
Public Safety	1,838,546	120,561	16,145	-	(1,701,840)
Roads and Bridges	1,434,835	-	308,462	1,267	(1,125,106)
Solid Waste	255,905	-	-	-	(255,905)
Health and Welfare	193,084	5,551.0	81,306	-	(106,227)
Recreation & Culture	89,208	-	-	-	(89,208)
Community Development	166,746	-	-	-	(166,746)
Total Primary Government	5,283,486	525,807	405,913	1,267	(4,350,499)
General Revenues					
Property Taxes					$ 2,293,240
Mobile Home Tax					18,959
Motor Vehicle Taxes					383,780
Sales Tax					479,891
Insurance Premium Taxes					258,692
Alcoholic Beverage Taxes					24,926
Real Estate Transfer Taxes					22,439
Timber Tax					85,969
Franchise Taxes					13,071
Interest					4,572
Splost					490,152
Other Revenues					200,218
Total General Revenues					4,275,909
Change in Net Position					(74,590)
Net Position Beginning of Year					9,626,862
Net Position End of Year					$ 9,552,272

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

MONTGOMERY COUNTY, GEORGIA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
DECEMBER 31, 2015

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions, and Interest	Program Revenues: Capital Grants, Contributions, and Interest	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
Component Unit					
Montgomery County Board of Health	$ 239,926	$ 87,232	$ 192,720	$ -	$ 40,026

General Revenues:	
Intra/Inter agency	30,849
Other local funds	746
Total general revenues	31,595
Change in net assets	71,621
Net position - beginning	262,218
Prior period adjustment - Implementation of GASB 68:	
Net pension liability (measurement date)	(274,708)
Deferred outflows - Center's contributions made during fiscal year 2014	25,540
Net pension as restated, July 1, 2014	13,050
Net position - ending	$ 84,671

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

MONTGOMERY COUNTY, GEORGIA
FUND FINANCIAL STATEMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General	Splost Fund	Other Governmental Funds	Total
Assets				
Cash and cash equivalents	$ 2,310,865	$ 263,016	$ 238,323	$ 2,812,204
Accounts receivable	-	-	16,694	16,694
Receivables:				
Taxes	649,356	-	-	649,356
Other receivable	16,556	-	-	16,556
Due from other governments	63,829	79,402	21,079	164,310
Prepaid expenditures	30,460	-	-	30,460
Total assets	$ 3,071,066	$ 342,418	$ 276,096	$ 3,689,580
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 130,666	$ 20,233	$ 11,908	$ 162,807
Accrued expenditures	5,044	-	2,454	7,498
Interfund payable	-	-	-	-
Due to others	-	35,255	-	35,255
Total liabilities	135,710	55,488	14,362	205,560
Deferred Inflows of Resources				
Unavailable revenue - property taxes	$ 288,080	$ -	$ -	$ 288,080
Fund Balances				
Non-spendable:				
Prepaid expenditures	30,460	-	-	30,460
Restricted:				
Splost	-	286,930	-	286,930
Projects fund	-	-	53,357	53,357
Special drug education	-	-	27,448	27,448
Special drug forfeiture	-	-	9,257	9,257
Senior nutrition	-	-	2,904	2,904
E-911	-	-	13,442	13,442
Court (jail) fee	-	-	20,415	20,415
Law library	-	-	8,500	8,500
Development authority	-	-	38,208	38,208
T-Splost	-	-	88,203	88,203
Unassigned	2,616,816	-	-	2,616,816
Total fund balances	2,647,276	286,930	261,734	3,195,940
Total liabilities, deferred inflows of resources, and fund balances	$ 3,071,066	$ 342,418	$ 276,096	$ 3,689,580

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

MONTGOMERY COUNTY, GEORGIA
FUND FINANCIAL STATEMENTS
RECONCILIATION OF NET POSITION – GOVERNMENTAL FUNDS IN THE STATEMENT OF NET POSITION TO TOTAL FUND BALANCE – GOVERNMENTAL FUNDS ON THE BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2015

Total Governmental Fund Balances	$	3,195,940
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		7,183,122
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:		
Unavailable revenue		288,080
Liabilities not due and payable in the current period and therefore are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net position.		
Note payable		(120,000)
Capital leases		(994,870)
Net Position of Governmental Activities	$	9,552,272

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

MONTGOMERY COUNTY, GEORGIA
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Splost Fund	Other Governmental Funds	Total
Revenues:				
Taxes	$ 3,442,863	$ 490,152	$ 215,039	$ 4,148,054
Grants	41,145	-	364,768	405,913
Licenses and permits	14,079	-	-	14,079
Charges for services	96,813	-	126,112	222,925
Fines and court costs	225,442	-	46,993	272,435
Donations	146,314	-	-	146,314
Rent	16,368	-	-	16,368
Miscellaneous	7,729	15,943	16,445	40,117
Interest	3,608	1,267	964	5,839
Total revenues	3,994,361	507,362	770,321	5,272,044
Expenditures:				
Current operating:				
General government	756,695	58,990	13,216	828,901
Judicial	382,183	-	5,202	387,385
Public Safety	1,816,213	88,467	46,288	1,950,968
Roads and bridges	510,390	47,276	421,478	979,144
Solid Waste	219,731	330	-	220,061
Health and welfare	128,802	8,558	58,953	196,313
Culture and recreation	83,014	-	-	83,014
Community development	61,544	-	96,466	158,010
Intergovernmental	-	216,606	-	216,606
Debt service:				-
Principal retirement	211,803	209,097	60,229	481,129
Interest	6,628	19,543	5,201	31,372
Total expenditures	4,177,003	648,867	707,033	5,532,903
Excess(deficiency) of revenues over(under) expenditures:	(182,642)	(141,505)	63,288	(260,859)
Other financing sources (uses):				
Proceeds from note payable	163,000	-	-	163,000
Proceeds from capital leases	56,562	-	25,000	81,562
Sale of property	-	-	43,600	43,600
Transfers	81,607	-	(81,607)	-
Total other financing sources(uses)	301,169	-	(13,007)	288,162
Net change in fund balances	118,527	(141,505)	50,281	27,303
Fund balance - beginning of year	2,528,749	428,435	211,453	3,168,637
Fund balance - end of year	$ 2,647,276	$ 286,930	$ 261,734	3,195,940

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

MONTGOMERY COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Net change in fund balances - total governmental funds			$ 27,303
Amounts reported for governmental activities on the statement of activities are different because of the following:			
Proceeds on sale of assets			(43,600)
Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expenditures. This is the amount by which capital outlays exceeded depreciation during the year:			
General fund	$ 202,876		
Splost fund	142,829		
Other Govt funds	35,639		
Total	381,344		
Loss on Sale	(1,423)		
Depreciation Expense	(613,056)		
	(233,135)		(233,135)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:			(61,725)
Debt proceeds is a revenue in the governmental funds, but the debt increases the liabilities on the statement of activities:			
Debt proceeds	(244,562)		(244,562)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities:			
Principal retirement	481,129		481,129
Change in Net Position of Governmental Activities			$ (74,590)

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

MONTGOMERY COUNTY, GEORGIA
FIDUCIARY FUND FINANCIAL STATEMENTS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
DECEMBER 31, 2015

		Agency Fund Total
Assets		
Cash	$	80,808
Due from others		15,641
Taxes receivable		1,264,527
Total assets		1,360,976
Liabilities		
Due to others		96,449
Deferred taxes		1,264,527
Total liabilities	$	1,360,976

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

Montgomery County, Georgia is a governmental unit governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present Montgomery County (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.

The office of the Montgomery County Commissioners is the oversight unit for the purposes of these financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", established criteria for determining which component units should be considered part of Montgomery County, Georgia for financial reporting purposes. The basic criteria are as follows:

1. Financial Accountability
2. Appointment of a Voting Majority
3. Imposition of Will
4. Financial Benefit to or Burden on a Primary Government
5. Financial Accountability as a Result of Fiscal Dependency
6. Potential for Dual Inclusion

Agency Funds

The following units are reported as part of the primary government in the Basic Financial Statements of Montgomery County, Georgia:

Tax Commissioner
Sheriff
Clerk of Courts
Probate Judge
Magistrate Court

These units collect and disburse taxes, fees, fines, etc. under their constitutionally assigned responsibility. Financial records separate from the oversight unit are maintained for each related agency fund. For the purposes of this report these related agency funds affect the financial statements in the following way. Each disbursement by these agency funds to the oversight unit is reflected as revenue to the oversight unit's General Fund.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Unit

The following component unit has been discretely presented in the Montgomery County, Georgia Basic Financial Statements:

Montgomery County Board of Health

The Montgomery County Board of Health provides public health services to the residents of Montgomery County under a contract with the Georgia Department of Human Resources. Although the department generates revenue from the collection of fees and receives funding from the Georgia Department of Human Resources, the County provides a subsidy to the department for the provision of health services. The Montgomery County Board of Health fiscal year audit ending June 30, 2015, is presented in the Government-Wide Financial Statements.

Complete financial statements of the Montgomery County discrete component unit can be obtained at the Montgomery County Board of Health administrative office:

Montgomery County Board of Health
P.O. Box 212
Mount Vernon, Georgia 30445

Based on the GASB criteria, the following unit is not included in this report:

Montgomery County Board of Education.

Disbursements to the Montgomery County Board of Education are by contractual agreement with the Board of Commissioners.

A. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, Including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except the fiduciary funds or component units that are fiduciary in nature.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements (continued)

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most functions of the government are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between governmental fund assets and liabilities and deferred inflow/outflow of resources are reported as fund balance. The County's major funds are the General Fund, the Capital Projects Fund – Special Purpose Local Option Sales Tax (SPLOST).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

General Fund - The General Fund accounts for all financial resources except those to be accounted for in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Georgia.

Capital Projects Fund - SPLOST – This fund is used for construction and maintenance of roads and bridges, solid waste management, for the purchase fire equipment and ambulances in Montgomery County.

Non-major Fund Type:

Special Revenue Funds - Special Revenue Funds are generally used to account for certain specific revenue sources, including special services districts, grants, and similar funds that are legally restricted to expenditures for specified purposes.

Fiduciary Fund

Fiduciary fund reporting focuses on net position and the changes in net position. The County's agency funds are used to account for assets held by certain officials in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are accounted for using the accrual basis of accounting. County officials with this designation are the Tax Commissioner, the Sheriff, the Clerk of Courts, the Probate Judge, and the Magistrate Court.

Fund Equity

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

Fund balance generally represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report classification 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:

Non-spendable – Fund balances are reported as non-spendable 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 limitation imposed on their use whether through 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 action of the Board of County Commissioners through the approval of a motion. Only the Board of County Commissioners may modify or rescind the commitment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting – Fund Equity (Continued)

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 or committed.

Unassigned – Fund balances are reported as unassigned 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 may be reported in all funds.

Flow assumptions – When both restricted and unrestricted amounts of fund balance are used 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 represent the difference between assets and liabilities. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has not spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its 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. All other net position is reported as unrestricted.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, liabilities, and deferred inflows/outflows of resources associated with the operation of the County are included on the statement of net position. The statement of activities reports revenues and expenditures.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows/outflows of resources are generally included on the balance sheet. The statement revenues, expenditures and change in fund balance reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental Fund financial statements, therefore, includes a reconciliation with brief explanations to better identify the relationship between the government–wide financial statements and the fund financial statements for governmental funds.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

A. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unavailable revenue, and the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which the party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days after year end. Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales tax is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, grants, interest and rent.

Modified Accrual Basis of Accounting

All governmental funds and the discretely presented component unit are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are generally recognized when they become measurable and available as net, current assets. Revenues, which are susceptible to accrual, are property taxes and grants from other governments. Property tax revenues are considered measurable and available to the extent they are collected within the current period or collected within sixty days after the end of the period.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Modified Accrual Basis of Accounting (Continued)

Property taxes not collected within sixty days after the end of the period are recorded as unavailable revenues and recognized when collected. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) inventory type items, which are, expensed when purchased; (2) principal and interest on general long-term debt which is recognized when due; and (3) prepaid items which are expensed when purchased.

Change in Accounting Principles

For the fiscal year ended 2003, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions"; GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis- for State and local Governments"; GASB Statement No. 36, "Recipient Reporting for Certain Shared Non-exchange Revenues"; GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus"; GASB Statement No.38," Certain Financial Statement Note Disclosures"; and GASB Interpretation No.6, " Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements." The County has elected to omit the Management's Discussion and Analysis. As of January 1, 2011, the County implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Please see pages 15 and 16 of the Notes for the definitions of the classifications of Fund Balance.

Budgetary Process – Primary Government

1. Prior to December 1, the Chairman submits to the Commission 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. The Commission holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ.

3. The budget is then revised and adopted or amended by the Commission at the first regular meeting in January of the year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the Commission in a regular meeting, and no increase shall be made therein without provision also being made for financing it.

5. The Budget for the General and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles.

6. Budgeted amounts are as originally adopted, or as amended by the Commission, if such amendments are considered material to the budget as a whole.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash includes amounts in both interest-bearing and non-interest bearing demand deposit accounts. State statutes authorize the County to invest in obligations of the U.S. Treasury, obligations of the State of Georgia or any other states, obligations fully insured or guaranteed by the United States government or governmental agency, Local government Investment Pool, Commercial paper, corporate bonds, obligations of other political subdivisions of the State of Georgia, and repurchase agreements. Any bank deposit in excess of the total FDIC insured amount must be secured by an equivalent amount of State and U.S. obligations.

Investments are recorded at cost or amortized cost plus accrued interest, which approximates market value.

For the purpose of reporting cash flows the County considers certificates of deposit with an initial maturity of three months or less to be cash equivalent.

Assets are reported restricted when limitations on their use change the nature or normal understanding of the availability of the asset.

Eliminations

GASB 34 eliminated the presentation of Account Groups, but provides for these records to be maintained and used to account for capital assets and long-term liabilities that are not reflected on the balance sheet of Governmental-type funds due to the current financial resources measurement focus that they use.

The effect of inter-fund activity has been removed from the government-wide financial statements. Due to/from other funds have been eliminated as well as transfers between funds.

Inter-fund Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term inter-fund loans or inter-fund services provided and used are classified as "Inter-fund Receivables and Payables." Inter-fund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only inter-fund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as "Internal Balances." The monies due the primary government from the fiduciary funds are reflected in the statement of net position as "External Balances."

Inventories

Inventory consists of expendable supplies held for consumption. The costs of these supplies on hand are considered immaterial to the balance sheets of the various funds and are not shown as assets of the funds nor is any portion of the fund balance reported as reserved for inventories. Inventory type items are recorded as an expenditure when purchased.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are reported as prepaid expenses using the consumption method by recording a current asset for the

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items (Continued)

prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed. The prepaid expenditure, prepaid insurance, is classified as non-spendable on the government-wide statements of net position.

Capital Assets

Capital assets, which include property, plant, office furniture, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the governmental-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than $5,000. All purchased capital assets are valued at historical cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. GASB Statement 34 prohibits the capitalization of interest for assets constructed for use in governmental activities. In 2015, there was no interest expense incurred by the County included as part of the cost of capital assets under construction in connection with public building construction projects.

Property, plant, equipment and infrastructure of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	50 years
Vehicles	5 years
Machinery and equipment	5-20 years
Office Furniture	5-10 years
Roads, Bridges, and Sidewalks	50 years

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed. Accordingly, encumbrances outstanding at year-end are not reported as reservations of fund balances, nor do they constitute expenditures or liabilities. Generally accepted accounting principles do not require encumbrance accounting.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

During the year ended December 31, 2012 the County implemented GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and during the year ended December 31, 2013 the County implemented GASB 65, *Items Previously Reported as Assets and Liabilities*. As a result of these standards, certain items previously reported as assets and liabilities are now reported as deferred outflows and deferred inflows of resources.

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. The County does not have any of this type of item.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has unavailable property tax revenue classed as an inflow of resources.

Compensated Absences and Other Employee Benefits

Accumulated unpaid vacation, sick pay and other fringe benefits are not accrued since the amounts do not exceed a normal year's accumulation. These expenses are recorded as incurred.

Application of FASB Pronouncements

Proprietary activities apply all FASB statements and interpretations issued after November 30, 1989 except for those that conflict with or contradict GASB pronouncements.

Use of Estimates

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

Restricted and Unrestricted Resources

When an expense is incurred for purposes for which there are both restricted and unrestricted net position unavailable, it is the County's policy to apply those expenses to the restricted net position to the extent such are available and then to the unrestricted net assets.

NOTE2- CONTINGENCIES

Litigation

Any legal contingencies are not anticipated to be in excess of insurance coverage except in the matter noted in the following paragraph.

The County has been sued for failing to roll back property tax in the amount of insurance premium taxes received in years 2006 through 2013 for the unincorporated areas. The County's position is the O.C.G.A 33-8-8-3 allows the use of the insurance premium tax for rural fire protection and solid waste collection. A settlement of $25,000 was reached by both parties to settle the portion of the claim regarding rural fire protection. According to the County's attorney the solid waste collection portion remains unsettled but could cost the County an additional $1,107,043 plus interest totaling $122,405 and an unspecified amount of attorney's fees. Due to the uncertainty surrounding this claim no expenditures have been accrued as of December 31, 2015.

In August 2015 the County received an unfavorable ruling from the local trial court. The County chose to appeal the decision and on June 21, 2016 the Georgia Court of Appeals reversed the trial court's order, however, the claim against the County is still on-going and the liability remains an unknown amount.

Grants

In the normal course of operations, the County receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 3- PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are generally levied by October 20, and are due by December 20. Property tax revenues are recognized when levied to the extent they result in current receivables. Taxes not collected within sixty days after the year end are reported as deferred inflows of resources as unavailable revenue at the fund level of reporting and as deferred inflows of resources as unearned revenue at the government-wide level of reporting.

NOTE 4- DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental entities at December 31, 2015 are as follows:

	General Fund	SPLOST	Special Revenue	Total
Other governments	$ -	-	1,565	$ 1,565
State of Georgia:				
Sales Tax	63,829	79,402	19,514	162,745
Total Due from Other Governments	$ 63,829	79,402	21,079	$ 164,310

NOTE 5- RESTRICTED NET POSITION

Restricted net position is used to indicate that a portion of the net position is not appropriable for expenditure or is legally segregated for a specific future use. The following restricted net positions are used by Montgomery County:

Primary Government:

Special Revenue and Capital Projects Funds:	
Restricted by ordinance	$ 261,734
Restricted for projects financed by grant revenues	-
Restricted for projects financed by SPLOST	286,930
Total Restricted Net Position	$ 548,664

NOTE 6- CHANGES IN CAPITAL ASSETS

Primary government

Capital asset activity for the year ended December 31, 2015 was as follows:

	Primary Government			
	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Governmental activities				
Capital assets not being depreciated:				
Land	$ 533,768	$ 10,000	$ -	$ 543,768
Total capital assets not being depreciated	533,768	10,000	-	543,768
Other capital assets:				
Buildings	5,696,594	271,230	-	5,967,824
Infrastructure	2,739,373	-	-	2,739,373
Office furniture and fixtures	258,971	1,065	-	260,036
Road machinery and equipment	4,211,486	99,049	103,325	4,207,210
Total capital assets	$ 13,440,192	$ 381,344	$ 103,325	$ 13,718,211
Accumulated depreciation				
Buildings	2,471,496	158,797	-	2,630,293
Infrastructure	874,579	89,112	-	963,691
Office furniture and fixtures	243,382	4,802	-	248,184
Road machinery and equipment	2,390,879	360,345	58,303	2,692,921
Less accumulated depreciation	5,980,336	613,056	58,303	6,535,089
Governmental activites capital assets, net	$ 7,459,856	$ (231,712)	$ 45,022	$ 7,183,122

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

Governmental Activities:	
General Government	$ 137,293
Judicial	787
Public Safety	175,746
Roads & bridges	248,460
Solid waste	34,513
Health & welfare	5,329
Recreation & culture	6,194
Community development	4,734
Total governmental activities depreciation expense	$ 613,056

NOTE 6- CHANGES IN CAPITAL ASSETS(CONTINUED)

Discretely Presented Component Unit

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Equipment	$ 67,153	$ -	$ -	$ 67,153
Less accumulated depreciation	(66,443)	(416)	-	(66,859)
Component unit capital assets, net	$ 710	$ (416)	$ -	$ 294

NOTE 7- CHANGES IN LONG-TERM DEBT

Capital Leases

The County has entered into lease agreements to acquire or obtain the use of equipment. Those lease terms are for 3 -7 years. The amount necessary to reduce net minimum lease payments to present value is calculated by using the implicit rates at the inception of the lease. The lease payments are expected to remain the same throughout the term of the lease. In most cases, title transfers to the County at the end of the lease.

Equipment	$ 1,585,460
Additions	81,562
Less: equipment paid off	(80,700)
Less: accumulated depreciation	(16,140)
Total	$ 1,570,182
Capital leases payable at January 1, 2015	$ 1,231,438
Additions	81,562
Payments	(318,130)
Capital leases payable at December 31, 2015	$ 994,870

Amortization of assets recorded under capital leases is included in depreciation expense.

NOTE 7- CHANGES IN LONG-TERM DEBT (CONTINUED)

Capital Leases (continued)

The following is a schedule by year of the future minimum lease payments under capital leases together with the present value of the minimum lease payments as of December 31, 2015:

Years Ending December 31,	Present Value Minimum Lease Payments	Interest	Minimum Lease Payments
2016	$ 282,740	19,542	$ 302,282
2017	117,288	14,265	131,553
2018	211,963	12,099	224,062
2019	199,350	7,802	207,152
2020	183,529	-	183,529
Total	$ 994,870	53,708	$ 1,048,578

Notes payable

Primary government

Notes payable January 1, 2015	$ 120,000
Additions	163,000
Payments	(163,000)
Notes payable December 31, 2015	$ 120,000

The purpose of the $163,000 note payable was for replacement of the courthouse roof and construction of a new office for the Sheriff Department. The debt was repaid by operating revenues of the County. The additional note payment of $120,000 was for the Montgomery County Development Authority to purchase a building for possible resale to a potential buyer. This note will be paid according to the following schedule: eleven consecutive payments of interest only varying between $308 and $341 beginning on June 22, 2015 and continuing on the same day of each month thereafter. One final balloon payment of $120,000 will be due on May 22, 2016. The interest rate on this note is 3.25%.

The amount of interest cost allocated to the different functions on the government-wide statement of activities for the year ended December 31, 2015 was $31,372.

NOTE 8-EMPLOYEE RETIREMENT PLANS

Defined Contribution Plan

As authorized by the Montgomery County Board of Commissioners in September 2014 board meeting, the County agreed to adopt the 401(a) employee retirement plan with GEBCORP for full time county employees with all elected officials being excluded. The County will contribute 3% of the employee's compensation under the 401(a) plan. An employee must be employed five years to be vested at 100%. Employees that have been employed less than five years will be -0-% vested. This defined contribution plan became effective January1, 2015. A complete report of the pension plan can be obtained from the County Commissioner's office in Mt. Vernon, Georgia. Contributions to the plan are established and may be amended by the County Commissioners.

The County's pension contribution for the year ended December 31, 2015 was $24,799 on covered payroll of $1,577,293.

Constitutional Officers' Pension Plans

The County's Constitutional Officers belong to one of seven pension plans, listed below, established by the Georgia General Assembly for the purpose of providing retirement benefits for these participants. These plans are cost-sharing multiple defined benefit plans.

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

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

Montgomery County's proportionate share of net pension liability:	$	-
State of Georgia's proportionate share of net pension liability associated with Montgomery County		(2,163)
Total	$	(2,163)
Montgomery County recognized pension expense	$	(2,783)
Montgomery County recognized revenue from State of Georgia support		2,783
Total	$	-

NOTE 8-EMPLOYEE RETIREMENT PLANS (CONTINUED)

Constitutional Officers' Pension Plans (Continued)

These plans are considered to be special funding situations; and 100% of the collective net pension liabilities are allocated to the State of Georgia. The County makes no contributions to any of these plans.

Pension plan descriptions, assumptions and related disclosures may be found in separately issued reports at June 30, 2014 for each of these plans, and are available at the websites listed above.

NOTE 9-CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

Custodial credit risk is the risk that in the event of bank failure the County's deposits may not be returned to it. To address custodial risk it is the County's policy for deposits to be 110% secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance. The County's deposits are categorized to give an indication of the level of risk assumed by the County at December 31, 2015. The County was fully collateralized as of December 31, 2015.

The categories are described as follows:

Category 1- Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2- Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3- Uncollateralized

Primary Government

		Category			
Description	Bank Balance	1	2	3	Carrying Amount
Total Deposits	$ 4,097,144	$ 4,097,144	$ -	$ -	$ 2,893,012

Discretely Presented Component Unit

		Category			
Description	Bank Balance	1	2	3	Carrying Amount
Montgomery County Board of Health	$ 331,700	$ -	$ -	$ -	$ 323,714

NOTE 10 - RELATED PARTY TRANSACTION

During 2015, the County paid Hooks Construction, Inc. to perform certain road work through another contractor. The owner of Hooks Construction, Inc. is a related party to a county official. These transactions were conducted using the same procedures as any other transactions.

NOTE 11 - RISK MANAGEMENT

Type of Risk

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Montgomery County has joined together with other governments to form a public entity risk pool currently operating as a common risk management and insurance program for combined property and liability insurance. The County pays an annual premium to the pool for its insurance coverage. The agreement for formation of ACCG-Inter-local Risk Management Agency provides that the pool will be self sustaining through member premiums. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The pooling agreement requires the pool to be self-sustaining. It is not possible for the County to estimate the range of contingent losses. At December 31, 2015, the County was not aware of any asserted claims that exceed the County's insurance coverage. The County's only risk of loss would occur if the loss exceeded the limit of liability stated in the policy.

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 findings 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 make 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 governments' contracts and in accordance with the workers compensation laws of the state of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the other members, all interest accruing after entry of judgment, and all expenses for investigations, negotiation or defense.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, Montgomery County became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to employees of any employer (Montgomery County) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability. The County pays an annual premium to the pool for it insurance coverage.

NOTE11- RISK MANAGEMENT(CONTINUED)

Type of Risk(Continued)

The fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Workers' Compensation law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding damages or compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is 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.

NOTE 12- INVESTMENT IN JOINT VENTURE

Montgomery County, in conjunction with cities and counties in the Heart of Georgia area are members of the Heart of Georgia Altamaha Regional Commission. Membership in a Regional Commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RC's. Each county and municipality in the state is required by law to pay minimum annual dues to the Regional Commission. The county paid annual dues in the amount of $5,073 to the Commission for the year ended December 31, 2015. The Regional Commission Board membership includes the chief elected official of each county and the chief elected official of each municipality. The County board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from the County.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines Regional Commissions as "public agencies and instrumentalities of their members." Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. (O.C.G.A. 50-8-39.1)

Complete financial statements of the Regional Commission are at the administrative office.

Heart of Georgia Altamaha Regional Commission
5405 Oak Street
Eastman, GA 31023

NOTE 13- OPERATING LEASE COMMITMENTS

As of August 20, 2004, Montgomery County entered into a ten-year operating lease with The Refuge Domestic Violence Shelter, Inc. allowing the shelter to rent of one of the County's buildings for $1 per year. The lease grants The Refuge Domestic Violence Shelter the right to renew the lease for three successive terms of ten years each.

NOTE 14- SENIOR CITIZENS NUTRITION FUND

Beginning December, 1992, Montgomery County was awarded funds for the purpose of planning and administering services authorized by the Older Americans Act. The County entered into a management contract with the Heart of Georgia Altamaha Regional Development Council. The same organization administers the program for the fiscal year July 1, 2015 through June 30, 2016. This program receives federal money passed through the Heart of Georgia under the Older Americans Act, Federal Domestic Assistance Number 13-365. The federal percentage of funds passed through is 85%. The state percentage of the funds passed through is 5%. Local funds and in kind costs are 10% and are provided by the County. The United Way also contributed $23,802 to this program during calendar year 2015. The financial statements for this fund are included in this report under non-major governmental funds section.

The revenues and expenditures by contract are as follows:

		Revenues	Expenditures
Contract HGAAAA-2015-11	$	27,741	27,741
Contract HGAAAA 2016-11		27,407	27,407
	$	55,148	55,148

Salaries for this program are presented below as required by the Department of Human Resources:

EMPLOYEE		SALARY
Kathleen D. Fennel	$	15,954
Sylvia Fowler		14,281
Helen Graham		3,981
James Selph		4,162
	$	38,378

The program operated two vehicles during this period:

Year Model	Make	Model	Body Style	Manufacture's ID #
2004	Buick	LeSabre	4 Dr.	1G4HPSZK74U196040
1996	Ford	Crown Victoria	4 Dr.	2FALP74W1TX192976

NOTE 15- LANDFILL CLOSURE AND POST-CLOSURE CARE

The Montgomery County landfill ceased operation in June, 1989. All federal, state, and local landfill closure and post-closure requirements have been met. No further action is required.

NOTE 16- OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the Combined Statements, certain information concerning individual funds including:

A. Summary disclosure of changes in general capital assets by major asset class. This requirement has been met by Note 6.

B. Summary of disclosure of debt service requirements to maturity for all types of outstanding debt. This requirement has been met by Note 7.

C. Summary disclosure of changes in general long-term debt. This requirement has been met by Note 7.

D. There were no deficit fund balances at December 31, 2015.

E. Inter-fund balances at December 31, 2015 consisted of transfers in the following tables. These balances resulted from the time lag between the dates that inter-fund goods and services were provided, transactions were recorded in the accounting system, and payments between funds were made. Transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations. Please see the following tables for the transfers in and out. The General Fund transferred $95,393 to the Montgomery County Development Authority for the one-half mill of tax; the E911 Fund and the Nutrition Fund transferred $92,000 and $25,000, respectively, to the General Fund to assist with salary expenditures; the T Splost fund transferred $36,174 to the Project Fund to assist with the LMIG project for 2015 and transferred $60,000 to the General Fund to assist with road repair and maintenance.

Primary government	Transfers in	Transfers out
Major fund - General Fund	$ 177,000	$ 95,393
Non-major fund - Project Fund	36,174	-
Non-major fund - E911 Fund	-	92,000
Non-major fund - Senior Nutrition Fund	-	25,000
Non-major fund - T splost Fund	-	96,174
Non-major fund - Development Authority	95,393	-
Total Primary government	$ 308,567	$ 308,567

NOTE 17- SUBSEQUENT EVENTS

No events have occurred subsequent to December 31, 2015 through June 25, 2016 that would require disclosure or adjustment to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget			Variance with final budget
	Original	Final	Actual	Positive(Negative)
Taxes:				
Property taxes (including interest and cost)	$ 2,176,391	$ 2,354,965	$ 2,354,965	$ -
Timber tax	70,000	85,969	85,969	-
Forest land grand	-	15,210	15,210	-
Motor vehicle taxes	200,000	130,162	130,162	-
Mobile Home tax	19,000	18,959	18,959	-
TAVT tax	230,000	253,618	253,618	-
Real estate transfer tax	21,000	22,439	22,439	-
Franchise tax	-	13,071	13,071	-
General sales and use tax	271,000	264,852	264,852	-
Alcoholic beverage tax	22,000	24,926	24,926	-
Insurance premium tax	250,000	258,692	258,692	-
Total	3,259,391	3,442,863	3,442,863	-
Licenses and Permits:				
Business Licenses	13,000	14,079	14,079	-
Total	13,000	14,079	14,079	-
Intergovernmental				
Transit Revenues - Middle GA. CA	-	2,458	2,458	-
EMA grant	5,000	16,145	16,145	-
LMIG emergency grant	-	25,000	25,000	-
Total	5,000	43,603	43,603	-
Charges for Services				
Election qualifying fees	-	7,108	7,108	-
Recyclable revenues	-	2,912	2,912	-
Fees for collecting school tax	85,000	84,335	84,335	-
Total	85,000	94,355	94,355	-
Fines and forfeits:				
Total	190,500	225,442	225,442	-
Miscellaneous:				
Interest	3,300	3,608	3,608	-
Building rent	16,300	16,368	16,368	-
Pipe sales	2,500	1,168	1,168	-
Other revenue	5,000	6,561	6,561	-
Total	27,100	27,705	27,705	-
Other financing sources				
Other sources of revenue	132,714	146,314	146,314	-
Capital lease proceeds	-	56,562	56,562	-
Proceeds from debt	163,000	163,000	163,000	-
Operating Transfer in	177,900	81,607	81,607	-
Total General Fund Revenues	$ 4,053,605	$ 4,295,530	$ 4,295,530	$ -

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget			Variance with final budget
	Original	Final	Actual	Positive(Negative)
General Government:				
Board of Commissioners:				
Operating expenditures	46,090	42,537	42,537	-
Total	46,090	42,537	42,537	-
Board of Elections:				
Personal services	32,000	30,434	30,434	-
Operating expenditures	20,750	25,445	25,445	-
Total	52,750	55,879	55,879	-
Financial Administration:				
Personal services	121,360	111,840	111,840	-
Operating expenditures	140,025	146,829	146,829	-
Total	261,385	258,669	258,669	-
Legal:				
Operating expenditures	17,600	23,264	23,264	-
Total	17,600	23,264	23,264	-
Office of Tax Commissioner:				
Personal services	91,015	88,615	88,615	-
Operating expenditures	31,000	22,192	22,192	-
Total	122,015	110,807	110,807	-
Office of Tax Assessor:				
Personal services	90,830	88,909	88,909	-
Operating expenditures	64,500	66,486	66,486	-
Total	155,330	155,395	155,395	-
Coroner:				
Operating Expenditures	10,350	10,895	10,895	-
Total Coroner	10,350	10,895	10,895	-
General Gov't Buildings and PLT:				
Operating Expenditures	90,000	99,249	99,249	-
Total	90,000	99,249	99,249	-
Total General Government Expenditures	$ 755,520	$ 756,695	$ 756,695	$ -

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget			Variance with final budget
Judicial:	Original	Final	Actual	Positive(Negative)
Superior Court:	$	$	$	$
Operating expenditures	67,350	65,341	65,341	-
Total	67,350	65,341	65,341	-
Office of the Clerk of Courts:				
Personal services	103,925	99,669	99,669	-
Operating expenditures	23,250	30,655	30,655	-
Total	127,175	130,324	130,324	-
Magistrate Court:				
Personal services	76,560	74,050	74,050	-
Operating expenditures	6,500	5,875	5,875	-
Total	83,060	79,925	79,925	-
Probate Court:				
Personal services	96,065	94,216	94,216	-
Operating expenditures	10,650	8,777	8,777	-
Total	106,715	102,993	102,993	-
Traffic Court:				
Operating expenditures	7,000	3,600	3,600	-
Total Judicial Expenditures	391,300	382,183	382,183	-
Public Safety:				
Office of Sheriff:				
Personal services	467,422	554,452	554,452	-
Operating expenditures	487,477	407,776	407,776	-
Total	954,899	962,228	962,228	-
Other Public Safety Programs:				
Rural fire protection	93,000	93,000	93,000	-
EMS	203,200	198,085	198,085	-
E-911	275,600	303,549	303,549	-
Emergency management	56,070	56,475	56,475	-
Total	627,870	651,109	651,109	-
Total Public Safety Expenditures	$ 1,582,769	$ 1,613,337	$ 1,613,337	$ -

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget			Variance with final budget
	Original	Final	Actual	Positive(Negative)
Roads and Bridges:				
Personal services	$ 284,475	$ 287,164	$ 287,164	$ -
Operating expenditures	223,000	223,226	223,226	-
Total Roads and Bridges	507,475	510,390	510,390	-
Solid Waste				
Personal Services	157,060	155,884	155,884	-
Operating Expenditures	75,800	63,847	63,847	-
Total Solid Waste	232,860	219,731	219,731	-
Health and Welfare:				
Public health	65,672	63,925	63,925	-
Aid to Dependent Children	5,520	5,520	5,520	-
Senior Citizen's Center	66,580	59,357	59,357	-
Total Health and Welfare	137,772	128,802	128,802	-
Recreation and Culture:				
Recreation	35,000	35,000	35,000	-
Library	23,000	21,040	21,040	-
Adult Basic Education	6,950	7,234	7,234	-
Forest Resources	17,400	19,740	19,740	-
Total Recreation and Culture	82,350	83,014	83,014	-
Community Development				
County Extension	67,745	61,544	61,544	-
Total Community Development	67,745	61,544	61,544	-
Other financing sources (uses):				
Transfers out	93,750	-	-	-
Debt service	163,000	163,000	163,000	-
Lease payments	35,000	48,803	48,803	-
Interest on debt	4,064	6,628	6,628	-
Total other financing sources (uses)	295,814	218,431	218,431	-
Capital Outlay	-	202,876	202,876	-
Total General Fund Expenditures	$ 4,053,605	$ 4,177,003	$ 4,177,003	$ -

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 – BUDGET POLICY

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. The budget was amended to reflect excess expenditures over appropriations at December 31, 2015.

NOTE 2 – EXCESS EXPENDITURES OVER APPROPRIATIONS

None noted.

MONTGOMERY COUNTY, GEORGIA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2015

	Employee's Retirement System of Georgia Tax Commissioner	Judges of the Probate Courts Retirement Fund	Magistrates Retirement Fund of Georgia	Sheriff's Retirement Fund of Georgia	Superior Court Clerk's Retirement Fund of Georgia	Peace Officers Annuity & Benefit Fund of Georgia
Montgomery County's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Montgomery County's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -
State of Georgia's proportionate share of the net pension liability associated with Montgomery County	126,849	(116,505)	(43,482)	124,539	(89,655)	(3,909)
Total	$ 126,849	$ (116,505)	$ (43,482)	$ 124,539	$ (89,655)	$ (3,909)
Montgomery County's covered-employee payroll	$ 54,200	$ 62,358	$ 51,398	$ 51,238	$ 58,483	$ 503,214
Montgomery County's proportionate share of net pension liability as a percentage of its covered-employee payroll	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Plan fiduciary net position as a percentage of the total pension liability	77.99%	131.22%	151.09%	81.88%	116.09%	103.75%

SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY, GEORGIA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Drug Education	Special Drug Forfeiture	Senior Nutrition Fund	E - 911	Court (Jail) Fee Fund	Law Library	Development Authority	T-Splost Fund	Project Fund	Total Nonmajor Governmental Funds
Assets										
Cash and cash equivalents	$ 27,027	$ 9,257	$ 7,384	$ 1,971	$ 19,709	$ 8,062	$ 40,662	$ 70,894	$ 53,357	$ 238,323
Other receivable	-	-	-	-	-	-	-	-	-	-
Due from other governments	421	-	-	-	706	438	-	19,514	-	21,079
Accounts Receivable	-	-	-	16,694	-	-	-	-	-	16,694
Total assets	27,448	9,257	7,384	18,665	20,415	8,500	40,662	90,408	53,357	276,096
Liabilities and Fund Balances										
Liabilities										
Accounts payable	-	-	4,480	5,223	-	-	-	2,205	-	11,908
Accrued expenses	-	-	-	-	-	-	2,454	-	-	2,454
Interfund Payable	-	-	-	-	-	-	-	-	-	-
Due to others	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	4,480	5,223	-	-	2,454	2,205	-	14,362
Fund Balances										
Fund balance:										
Restricted	27,448	9,257	2,904	13,442	20,415	8,500	38,208	88,203	53,357	261,734
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	27,448	9,257	2,904	13,442	20,415	8,500	38,208	88,203	53,357	261,734
Total Liabilities and Fund Balances	$ 27,448	$ 9,257	$ 7,384	$ 18,665	$ 20,415	$ 8,500	$ 40,662	$ 90,408	$ 53,357	$ 276,096

MONTGOMERY COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Drug Education	Special Drug Forfeiture	Senior Nutrition Fund	E-911	Court (Jail) Fee Fund	Law Library	Development Authority	T-Splost Fund	Project Fund	Total Nonmajor Governmental Funds
Revenues:										
Grants	$ -	$ -	$ 81,306	$ -	$ -	$ -	$ -	$ -	$ 283,462	$ 364,768
Charges for services	-	-	5,551	120,561	-	-	-	-	-	126,112
State of Georgia	-	-	-	-	-	-	-	215,039	-	215,039
Fines, Forfeitures, & Court Fees	8,290	19,750	-	-	12,185	6,768	-	-	-	46,993
Miscellaneous	-	-	-	-	6,500	-	-	1,065	8,880	16,445
Interest	57	6	-	116	24	20	247	115	379	964
Total revenues	8,347	19,756	86,857	120,677	18,709	6,788	247	216,219	292,721	770,321
Expenditures:										
Current operating:										
General government	-	-	-	-	-	-	-	-	13,216	13,216
Roads & bridges	-	-	-	-	-	-	-	74,702	320,711	395,413
Judical	-	-	-	-	-	5,202	-	-	-	5,202
Public safety	909	1,980	-	33,819	6	-	-	-	-	36,714
Health & Welfare	-	-	58,953	-	-	-	-	-	-	58,953
Community Development	-	-	-	-	-	-	96,466	-	-	96,466
Capital outlay	-	9,574	-	-	-	-	-	26,065	-	35,639
Debt service										
Principal	-	-	-	-	-	-	-	8,500	51,729	60,229
Interest	-	-	-	-	-	-	4,001	-	1,200	5,201
Total expenditures	909	11,554	58,953	33,819	6	5,202	100,467	109,267	386,856	707,033
Excess revenues(expenditures):	7,438	8,202	27,904	86,858	18,703	1,586	(100,220)	106,952	(94,135)	63,288
Other financing sources(uses):										
Lease proceeds	-	-	-	-	-	-	-	25,000	-	25,000
Sale of assets	-	-	-	-	-	-	-	-	43,600	43,600
Operating transfers in/(out)	-	-	(25,000)	(92,000)	-	-	95,393	(96,174)	36,174	(81,607)
Total other financing sources(uses)	-	-	(25,000)	(92,000)	-	-	95,393	(71,174)	79,774	(13,007)
Net change in fund balances	7,438	8,202	2,904	(5,142)	18,703	1,586	(4,827)	35,778	(14,361)	50,281
Fund balance - beginning of year	20,010	1,055	-	18,584	1,712	6,914	43,035	52,425	67,718	211,453
Fund balance - end of year	$ 27,448	$ 9,257	$ 2,904	$ 13,442	$ 20,415	$ 8,500	$ 38,208	$ 88,203	$ 53,357	$ 261,734

MONTGOMERY COUNTY, GEORGIA
FIDUCIARY FUND FINANCIAL STATEMENTS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
DECEMBER 31, 2015

	Tax Commissioner	Clerk of Courts	Probate Court	Office of Sheriff	Magistrate Court	Agency Fund Total
Assets						
Cash	$ 17,034	$ 9,126	$ 48,272	$ 2,886	$ 3,490	$ 80,808
Due from Others (Current)	-	2,960	2,319	2,230	8,132	15,641
Taxes receivable	1,264,527	-	-	-	-	1,264,527
Total assets	1,281,561	12,086	50,591	5,116	11,622	1,360,976
Liabilities						
Liabilities:						
Due to others (current)	17,034	12,086	50,591	5,116	11,622	96,449
Deferred taxes	1,264,527	-	-	-	-	1,264,527
Total liabilities	$ 1,281,561	$ 12,086	$ 50,591	$ 5,116	$ 11,622	$ 1,360,976

McLain, Calhoun, McCullough, Clark & Co., P.C.
Certified Public Accountants
Business Consultants

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Tracy C. Clark, C.P.A.
Nicole A. Eason, C.P.A.

INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

To the Montgomery County Commissioners
Montgomery County, Georgia

We have audited the accompanying Schedule of Special Local Option Sales Tax for Montgomery County, Georgia, for the year ended December 31, 2015. This schedule is the responsibility of Montgomery County's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on our audit.

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 Schedule of Special Purpose Local Option Sales Tax is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting, and is not intended to be a complete presentation of Montgomery County's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in Montgomery County's resolution or ordinance calling for the tax for the year ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

McLain Calhoun McCullough Clark + Co., P.C.

Vidalia, Georgia
June 25, 2016

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MONTGOMERY COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Project	Original Estimated Cost	Current Estimated Cost	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total
SPLOST - 2009					
Roads and Bridges	$ 1,800,000	$ 1,800,000	$ 1,841,154	$ 85,861	$ 1,927,015
Solid Waste	150,000	150,000	6,403	330	6,733
Ambulances	180,000	180,000	26,849	-	26,849
Fire Equipment	535,000	535,000	340,378	80,554	420,932
Municipalities:					
City of Ailey	326,900	326,900	223,605	-	223,605
City of Alston	100,405	100,405	68,679	-	68,679
City of Higgston	200,810	200,810	139,242	-	139,242
City of Mount Vernon	1,309,935	1,309,935	896,015	-	896,015
City of Tarrytown	63,045	63,045	44,268	-	44,268
City of Uvalda	333,905	333,905	228,395	-	228,395
Subtotal - Municipalities	2,335,000	2,335,000	1,600,204	-	1,600,204
Total 2009 SPLOST	$ 5,000,000	$ 5,000,000	$ 3,814,988	$ 166,745	$ 3,981,733
Reconciling item:					
Capital lease payments on equipment				209,097	

Project	Original Estimated Cost	Current Estimated Cost	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total
SPLOST - 2015					
Buildings/Grounds Projects/Improvements	$ 780,000	$ 780,000	$ -	$ 56,419	$ 56,419
Roads and Bridges	1,718,000	1,718,000	-	-	-
Recreation & Library Improvements	60,000	60,000	-	-	-
Capital equipment & vehicles	500,000	500,000	-	-	-
Municipalities:					
City of Ailey	331,650	331,650	-	29,337	29,337
City of Alston	95,700	95,700	-	8,415	8,415
City of Higgston	194,700	194,700	-	17,149	17,149
City of Mount Vernon	1,405,800	1,405,800	-	124,978	124,978
City of Tarrytown	53,900	53,900	-	4,685	4,685
City of Uvalda	360,250	360,250	-	32,042	32,042
Subtotal - Municipalities	2,442,000	2,442,000	-	216,606	216,606
Total 2015 SPLOST	$ 5,500,000	$ 5,500,000	$ -	$ 273,025	$ 273,025
Total 2009 and 2015 SPLOST expenditures agrees to page 8 of the financial statements				$ 648,867	

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

To the Montgomery County Commissioners
Mount Vernon, Georgia 30445

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Montgomery County, Georgia, as of and for the year then ended December 31, 2015 and the related notes to the financial statements which collectively comprise Montgomery County, Georgia's basic financial statements and have issued our report thereon dated June 25, 2016.

We did not audit the financial statements of the Montgomery County Board of Health (discretely presented component unit) as of June 30, 2015, and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on those financial statements, insofar as it relates to the amounts included for Montgomery County, Georgia, was based solely on the report of the other auditor.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Montgomery County, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Montgomery County, Georgia's internal control.. Accordingly, we do not express an opinion on the effectiveness of Montgomery County's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings to be material weaknesses. The reference numbers are 09-01 through 09-03 on pages 51 and 52.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not note any significant deficiencies in the following schedules.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montgomery County'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 no finding of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to the management of Montgomery County, Georgia in a separate letter dated June 25, 2016.

Montgomery County, Georgia's Response to Findings

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

Purpose of this Report

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

McLain Calhoun McCullough Clark & Co., P.C.

Vidalia, Georgia
June 25, 2016

FINANCIAL STATEMENT FINDINGS

09-01 Lack of Segregation of Duties:

Condition: The County's clerical staff consists of two people, the County Clerk and the County Manager. The County Clerk performs all non-cash receipts and cash disbursement functions for the County with little or no supervisor or review. There is no separation of duties in the performance of accounting functions. Also, there is a lack of segregation of duties in the offices of the Probate Court, Clerk of Court, Magistrate Court, Sheriff's Office, Tax Commissioner's Office, and the Board of Commissioner's Office. These situations pose dangers in that intentional or unintentional errors could occur and not be detected in a timely manner.

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

Effect: Failure to properly segregate duties between recording, processing, and reconciliation of cash and bank accounts can lead to misappropriation of funds the act of which might not be detected in the normal course of business.

Recommendation: The duties of recording, processing, and reconciliation of cash and bank accounts should be segregated between employees.

Response: We agree with the recommendation concerning a lack of segregation of duties. Each elected official is reviewing this condition in his or her office to determine the most efficient and effective solution to segregating the duties between recording, processing and reconciliation of cash and bank accounts to provide reasonable assurance that an individual cannot misappropriate funds without such an act being detected during the normal course of business.

Current Status: This condition remains unchanged at December 31, 2015.

09-02 Lack of General Ledger and Financial Statement Review

Condition: There were instances of expenditures being posted to the wrong accounts. There were debit balances in the liability accounts.

Criteria: Internal controls should be in place that provides reasonable assurance that all entries in the general ledger and financial statements are properly classified and that all entries are recorded.

Effect: Failure to properly classify entries, failure to record necessary entries will cause the financial statements to be misleading and not match the related budgeted items.

Recommendation: Once the final postings are made to the general ledger each month, a thorough review of each account in the general ledger should be made to identify and correct any misclassifications or allocations.

Response: We agree with this recommendation. Once the accounting clerk has entered the information into the general ledger each month, a thorough review of each account will be made by the clerk as well as the chief financial officer.

Current Status: This condition remains unchanged at December 31, 2015.

FINANCIAL STATEMENT FINDINGS (CONTINUED)

09-03 Reconciliation of Balance Sheet Accounts – Material Weakness

Condition: Payroll liability accounts, cash accounts, and receivable accounts are not being reconciled on a regular basis.

Criteria: Policies and procedures should be in place to ensure that all asset and liability general ledger accounts are reconciled in a timely manner.

Effect: The financial statements are sensitive to material misstatements and the ability to detect material misstatements is significantly decreased.

Recommendation: Policies and procedures should be implemented to ensure that appropriate accounts are reconciled in a timely manner and that the internal control procedure is constantly monitored by management personnel.

Response: We agree with this recommendation. An outside internal control specialist will aid in instituting proper procedures to ensure all accounts are reconciled in a timely manner.

Current Status: This condition remains unchanged at December 31, 2015.