MONTGOMERY COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2016

Prepared by:
Finance Department

MONTGOMERY COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Page

FINANCIAL SECTION

Independent Auditor's Report 1
Basic Financial Statements
Government-Wide Financial Statements
Statement of Net Position 4
Statement of Activities 5
Fund Financial Statements
Balance Sheet - Governmental Funds 6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 8
Statement of Fiduciary Assets and Liabilities - Fiduciary Funds 9
Notes to Financial Statements 10
Required Supplementary Information
Budgetary Comparison Schedule - General Fund 23
Other Information
Supplementary Data - Combining and Individual Fund Statements and Schedules
All Nonmajor Governmental Funds - Combining Balance Sheet 27
All Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances 28
Nonmajor Governmental Funds - Special Revenue Funds - Combining Balance Sheet 29
Nonmajor Governmental Funds - Special Revenue Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances 30
Combining Balance Sheet - Agency Funds 32
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds - 2009 Issue 33
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds - 2015 Issue 34

COMPLIANCE SECTION

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* 35
Schedule of Findings and Responses 37

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September 19, 2017

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Montgomery County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of **Montgomery County, Georgia** (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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 error or fraud.

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 Montgomery County Board of Health, which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for Montgomery 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.

Auditor's Responsibility (Continued)

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 County'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 County'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 other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Montgomery County, Georgia as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in conformity 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 23-25 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 omitted 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 Government 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Matters (Continued)

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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds (on pages 33-34) are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedules 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, based on our audit and the procedures performed as described above, the combining, individual nonmajor fund financial statements, and the schedule of expenditures of special purpose sales tax proceeds are fairly stated in all material respects in relation to the 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 September 19, 2017, on our consideration of Montgomery 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 solely 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 effectiveness of the County's 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.



McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

BASIC FINANCIAL STATEMENTS

MONTGOMERY COUNTY, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government	Component Unit
	Governmental Activities	Health Department
Assets		
Cash and Cash Equivalents	$ 3,315,118	$ 349,407
Receivables		
Property Taxes	578,458	-
Accounts	35,782	-
Due from Other Governments	187,250	26,043
Inventory	8,603	-
Prepaid Items	31,038	-
Capital Assets		
Nondepreciable	552,293	-
Depreciable, Net of Accumulated Depreciation	6,491,752	85
Total Assets	11,200,294	375,535
Deferred Outflows of Resources		
Deferred Outflows of Resources Related to Pensions	-	22,920
Liabilities		
Accounts Payable	182,105	-
Accrued Expenses / Liabilities	31,897	2,693
Due to Other Governments	53,760	6,111
Long-Term Liabilities		
Compensated Absences	-	10,773
Capital Leases Due Within One Year	119,385	-
Capital Leases Due In More Than One Year	620,379	-
Note Payable Due Within One Year	121,836	-
Proportionate Share of Collective Net Pension Liability	-	179,315
Total Liabilities	1,129,362	198,892
Deferred Inflows of Resources		
Deferred Inflows of Resources Related To Pensions	-	62,496
Net Position		
Net Investment in Capital Assets	6,182,445	85
Restricted for		
Capital Projects	280,155	-
Other Purposes	635,261	58,726
Unrestricted	2,973,071	78,256
Total Net Position	$ 10,070,932	$ 137,067

See accompanying notes which are an integral part of these financial statements.

MONTGOMERY COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Component Unit: Health Department
Primary Government						
Governmental Activities						
General Government	$ 1,206,330	$ 170,093	$ -	$ -	$ (1,036,237)	$ -
Judicial	402,829	231,236	-	-	(171,593)	-
Public Safety	1,784,827	119,672	5,000	-	(1,660,155)	-
Public Works	1,036,075	-	-	526,550	(509,525)	-
Health and Welfare	172,128	4,856	78,798	-	(88,474)	-
Culture and Recreation	62,282	-	-	-	(62,282)	-
Housing and Development	192,098	-	-	-	(192,098)	-
Interest on Long-Term Debt	25,652	-	-	-	(25,652)	-
Total Governmental Activities and Primary Government	$ 4,882,221	$ 525,857	$ 83,798	$ 526,550	(3,746,016)	-
Health Department	$ 264,113	$ 95,896	$ 187,378	$ -		$ 19,161
General Revenues						
Property Taxes					2,249,408	-
Sales Taxes					1,088,319	-
Insurance Premium Tax					275,290	-
Alcohol Beverage Taxes					24,973	-
Other Taxes					564,836	-
Interest					5,356	-
Other					56,494	33,235
Total General Revenues					4,264,676	33,235
Change in Net Position					518,660	52,396
Net Position at Beginning of Year					9,552,272	84,671
Net Position at End of Year					$ 10,070,932	$ 137,067

See accompanying notes which are an integral part of these financial statements.

MONTGOMERY COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General Fund	SPLOST 2015 Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 2,418,268	$ 255,059	$ 641,791	$ 3,315,118
Receivables				
Property Taxes	578,458	-	-	578,458
Accounts	18,725	-	17,057	35,782
Due from Other Governments	67,448	84,353	35,449	187,250
Inventory	8,603	-	-	8,603
Prepaid Items	31,038	-	-	31,038
Total Assets	$ 3,122,540	$ 339,412	$ 694,297	$ 4,156,249
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	$ 119,634	$ 5,497	$ 56,974	$ 182,105
Accrued Expenses / Liabilities	29,835	-	2,062	31,897
Due to Other Governments	-	53,760	-	53,760
Total Liabilities	149,469	59,257	59,036	267,762
Deferred Inflows of Resources - Unavailable Revenue	365,064	-	-	365,064
Fund Balances				
Nonspendable	39,641	-	-	39,641
Restricted for				
Capital Projects	-	280,155	-	280,155
Other Purposes	-	-	635,261	635,261
Unassigned	2,568,366	-	-	2,568,366
Total Fund Balances	2,608,007	280,155	635,261	3,523,423
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,122,540	$ 339,412	$ 694,297	
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.				7,044,045
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				365,064
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Note Payable				(121,836)
Capital Leases Payable				(739,764)
Net Position of Governmental Activities				$ 10,070,932

See accompanying notes which are an integral part of these financial statements.

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

	General Fund	SPLOST 2015 Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$ 2,665,860	$ -	$ -	$ 2,665,860
Sales Taxes	328,455	558,340	226,497	1,113,292
Other Taxes	275,290	-	-	275,290
Licenses and permits	4,710	-	-	4,710
Intergovernmental	5,000	-	605,348	610,348
Charges for Services	165,383	-	124,528	289,911
Fines, Forfeitures, and Fees	292,480	-	26,677	319,157
Other	15,810	-	9,500	25,310
Interest	3,450	698	1,209	5,357
	3,756,438	559,038	993,759	5,309,235
Expenditures				
Current				
General Government	799,173	-	-	799,173
Judicial	420,098	-	3,170	423,268
Public Safety	1,578,454	-	49,020	1,627,474
Public Works	681,492	65,135	9,991	756,618
Health and Welfare	103,549	-	59,389	162,938
Culture and Recreation	71,651	-	-	71,651
Housing and Development	48,766	-	123,035	171,801
Intergovernmental	-	245,129	-	245,129
Capital Outlay	-	-	459,441	459,441
Debt Service				
Principal	72,989	185,959	28,416	287,364
Interest	1,075	11,914	11,001	23,990
Total Expenditures	3,777,247	508,137	743,463	5,028,847
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,809)	50,901	250,296	280,388
Other Financing Sources (Uses)				
Capital Leases	-	-	47,095	47,095
Transfers In	85,000	5,694	108,778	199,472
Transfers Out	(103,460)	-	(96,012)	(199,472)
Total Other Financing Sources (Uses)	(18,460)	5,694	59,861	47,095
Net Change in Fund Balances	(39,269)	56,595	310,157	327,483
Fund Balances, Beginning	2,647,276	223,560	325,104	3,195,940
Fund Balances, Ending	$ 2,608,007	$ 280,155	$ 635,261	$ 3,523,423

See accompanying notes which are an integral part of these financial statements.

MONTGOMERY 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, 2016

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

Net Change in Fund Balances - Total Governmental Funds	$	327,483
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(139,077)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		76,982
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.		253,272
Change in Net Position of Governmental Activities	$	518,660

See accompanying notes which are an integral part of these financial statements.

MONTGOMERY COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2016

	Agency Funds
Assets	
Cash and Cash Equivalents	$ 53,240
Liabilities	
Due to Others	$ 53,240

See accompanying notes which are an integral part of these financial statements.

(1) Summary of Significant Accounting Policies

A. Reporting Entity

Montgomery County was established under the provisions of an act of the General Assembly of Georgia on December 19, 1793. The County is governed by an elected board of five County Commissioners and provides the following services as authorized by state law: public safety, highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Montgomery 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 relationship with the County. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component units are discretely presented in the government-wide financial statements.

Blended Component Unit - A blended component unit, although a legally separate entity, is, in substance, part of the County's operations. Following is a description of the County's blended component unit.

Montgomery County Development Authority

The governing board of the Montgomery County Development Authority (Development Authority) consists of five members appointed by the Montgomery County Board of Commissioners. The purpose of the Development Authority is to promote, develop and expand, for the public good and welfare of the County and its citizens, industry, agriculture, trade, commerce and recreation within the County. The Development Authority maintains its financial records on a calendar year ending December 31. The Development Authority does not issue stand-alone financial statements.

Discretely Presented Component Unit - A discretely presented component unit is reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Following is a description of the County's discretely presented component unit.

Montgomery County Board of Health

The Montgomery County Board of Health d/b/a Montgomery County Public Health Center (Health Center), a component unit, has a governing board consisting of seven members. Four of the members are either County officials or members appointed by the County. Although the County does not have the authority to approve or modify the budget of the Health Center, the County is obligated to provide financial support to the Health Center. The Health Center has a June 30 year-end. The Health Center's financial statements may be obtained by writing to the District Administrator, South Central Health District, 2121-D Bellevue Road, Dublin, Georgia 31201.

(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 nonfiduciary activities of the government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues. The *primary government* is reported separately from the legally separate component unit.

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 those 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, any debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, charges for services and intergovernmental grants associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

(1) Summary of Significant Accounting Policies (Continued)

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

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 *SPLOST 2015 Fund* accounts for the acquisition and construction of approved projects within the County from resources provided by the 2015 special County one percent sales and use tax.

Additionally, the County reports the following fund types:

The *special revenue funds* account for specific revenues that are legally restricted to expenditures for particular purposes.

The *capital projects fund* accounts for financial resources to be used for the acquisition and construction of major capital 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges for services 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 for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County does not report any proprietary funds in these financial statements.

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 need.

D. Cash, Cash Equivalents and Investments

The County and its 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.

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the state of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations.

(1) Summary of Significant Accounting Policies (Continued)

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year as well as 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.

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used by recording an asset for the prepaid amount and by recording the expenditure/expense in the period in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved, as this amount is not available for general appropriation.

H. Capital Assets

Capital assets, which include property, plant, equipment and the infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add value to the value of the assets or materially extend the asset lives are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following useful lives:

Asset Category	Years
Buildings and Improvements	10 - 30
Infrastructure	10 - 50
Machinery and Equipment	3 - 12

(1) Summary of Significant Accounting Policies (Continued)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position may 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.

In addition to liabilities, the statement of net position reports 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(s) and so will not be recognized as an inflow of resources (revenue) until that time.

J. Compensated Absences

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.

K. Government-Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position are divided into three components:

Invested in capital assets - consists of historical cost of capital assets less accumulated depreciation;

Restricted - consists of net position that is restricted by the state enabling legislation, by grantors (both federal and state), and by other contributors; and

Unrestricted - all other net position is reported in this category.

L. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in a spendable form (such as prepaid items) or because they are legally or contractually required to be maintained intact;

Restricted fund balance - amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors;

Committed - amounts that are constrained for specific purposes that are internally imposed by the County through formal action by the Board of Commissioners and does not lapse at year-end. Committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action it employed to previously commit those amounts;

Assigned - amounts that are designated by the County manager for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote by the Board of Commissioners; and

Unassigned - all amounts not included in other spendable classifications.

(1) Summary of Significant Accounting Policies (Continued)

L. Governmental Fund Balances (Continued)

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 then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, the County's policy is to use fund balance in the following order: committed, assigned, unassigned.

Net Position - Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets 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 is available.

M. Use of 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 and liabilities, the 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.

(2) Legal Compliance - Budgets

Budgetary Information. The annual budget document is the financial plan for the operation of the County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the County. All budgets are adopted on a basis consistent with generally accepted accounting principles. An annual operation budget is prepared for all governmental funds except capital projects funds. Capital projects funds use project-length budgets.

Department heads submit to the county manager a proposed operating budget for the year commencing the following January 1. The proposed budgets are then submitted to the Board of Commissioners by the county manager for study. Public hearings are conducted to obtain taxpayer comments. Prior to January 1, the budget is legally adopted by the Board of Commissioners.

The legal level of control for each legally adopted annual budget is the department level for the General Fund. The budget so adopted may be revised during the year only by formal action of the Board of Commissioners in a regular meeting, and no increase shall be made therein without provision also being made for financing it. Budget amounts are as originally adopted, or as amended by the Board of Commissioners, if such amendments are considered material to the budget as a whole.

(3) Deposits and Investments

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 to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. The County has no custodial credit risk policies requiring additional collateral. As of December 31, 2016, the carrying amount of the County's deposits was $3,315,118 and the bank balance was $3,601,028. With regard to the bank balance, $579,856 was covered by federal deposit insurance, $2,217,654 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name and $517,608 was uncollateralized.

As of June 30, 2016, the Health Center were properly insured and collateralized as required by the Official Code of Georgia Annotated (OCA) Section 45-8-12(c) and as defined by GASB pronouncements.

The County had no investments as of December 31, 2016.

(4) Receivables

Receivables for the government's individual major and nonmajor funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows at December 31, 2016:

	General Fund	Nonmajor Governmental Funds	Total
Receivables			
Accounts	$ 18,725	$ 17,057	$ 35,782
Property Taxes	608,903	-	608,903
	627,628	17,057	644,685
Allowance for Uncollectibles	(30,445)	-	(30,445)
	$ 597,183	$ 17,057	$ 614,240

Property taxes were levied on August 8, 2016. Bills were payable on or before December 20, 2016, after which the applicable property is subject to lien, and penalties and interest are assessed. The County bills and collects its own property taxes. Property taxes levied for 2016 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2016 and collected by February 28, 2017 are recognized as revenues in the year ended December 31, 2016. Net receivables estimated to be collected subsequent to February 28, 2017 are deferred as of December 31, 2016 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

(5) Capital Assets

Capital asset activity for the period ended December 31, 2016 is as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 543,768	$ 8,525	$ -	$ 552,293
Capital Assets, Depreciable				
Buildings and Improvements	5,967,824	10,025	-	5,977,849
Infrastructure	2,739,373	360,065	-	3,099,438
Furniture and Fixtures	260,036	-	-	260,036
Road Machinery and Equipment	4,207,210	101,851	-	4,309,061
	13,174,443	471,941	-	13,646,384
Accumulated Depreciation for				
Buildings and Improvements	(2,630,293)	(160,862)	-	(2,791,155)
Infrastructure	(963,691)	(86,110)	-	(1,049,801)
Furniture and Fixtures	(248,184)	(4,832)	-	(253,016)
Road Machinery and Equipment	(2,692,921)	(367,739)	-	(3,060,660)
	(6,535,089)	(619,543)	-	(7,154,632)
Total Capital Assets, Depreciable, Net	6,639,354	(147,602)	-	6,491,752
Governmental Activities Capital Assets, Net	$ 7,183,122	$ (139,077)	$ -	$ 7,044,045

The schedule above includes the capital asset activity of the Montgomery County Development Authority which is classified as a blended component unit of the County.

(5) Capital Assets (Continued)

Primary Government (Continued)

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

Governmental Activities	
General Government	$ 140,801
Judicial	787
Public Safety	175,854
Public Works	281,982
Health and Welfare	9,190
Culture and Recreation	6,194
Community Development	4,735
	$ 619,543

Discretely Presented Component Unit

Activity for the Health Center for the fiscal year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Depreciable Equipment and Vehicles	$ 67,153	$ -	$ (51,371)	$ 118,524
Accumulated Depreciation	(66,859)	(209)	51,371	(118,439)
	$ 294	$ (209)	$ -	$ 85

(6) Long-Term Debt

Primary Government

The following is a summary of long-term debt activity for the primary government for the year ended December 31, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Capital Leases	$ 994,870	$ 47,095	$ (302,201)	$ 739,764	$ 119,385
Notes Payable	120,000	1,836	-	121,836	121,836
	$ 1,114,870	$ 48,931	$ (302,201)	$ 861,600	$ 241,221

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of various items of equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions.

(6) Long-Term Debt (Continued)

Primary Government (Continued)

Capital Leases (Continued)

The following is an analysis of leased assets under capital leases as of December 31, 2016:

	Governmental Activities
Equipment	$ 811,529
Less: Accumulated Depreciation	(243,125)
	$ 568,404

The County reported $107,041 of depreciation expense for Governmental Activities on the above leased assets for the year ended December 31, 2016.

The County's total capital lease debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities
2017	$ 134,429
2018	234,663
2019	360,540
2020	46,131
Total Minimum Lease Payments	775,763
Less Amount Representing Interest	(35,999)
Present Value of Future Minimum Lease Payments	$ 739,764

Notes Payable

In a prior year, the County issued a note payable for the purchase of a building for possible resale to a potential buyer. The note bears interest at a rate of 4.00 percent and matures on December 1, 2017. Debt service requirements at maturity include $121,836 in principal and $6,776 in interest.

(7) Interfund Receivables, Payables and Transfers

There were no interfund receivables or payables as of December 31, 2016.

Interfund Transfers

Transfers In	Transfers Out	Amount
Nonmajor Governmental Funds	General Fund	$ 103,460
General Fund	Nonmajor Governmental Funds	85,000
SPLOST Fund	Nonmajor Governmental Funds	5,694
		$ 194,154

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

(8) Senior Citizens Nutrition Fund

The County entered into contracts with the Heart of Georgia Altamaha Regional Commission as the Area Agency on Aging for the purpose of planning and administering services authorized by the Older Americans Act.

The revenues and expenditures by contract are as follows:

Contract Number	Revenues	Expenditures
HGAAAA-2016-11	$ 33,738	$ 33,738
HGAAAA-2017-11	18,558	18,558
	$ 52,296	$ 52,296

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

Employee	Salary
Kathleen D. Fennel	$ 16,260
Sylvia Fowler	14,556
Helen Graham	656
Carol Helms	3,732
James Selph	4,826
	$ 40,030

(8) Senior Citizens Nutrition Fund (Continued)

The program operated the following vehicles during the contract periods:

Year Model	Make	Model	Body Style	Vehicle Identification Number
2004	Buick	LeSabre	4 Door	1G4HPSZK74U196040
1996	Ford	Crown Victoria	4 Door	2FALP74W1TX192976

(9) Joint Venture

Under Georgia law, the County is a participating member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay annual dues thereto. During the year ended December 31, 2016, the County paid $5,073 in such dues. Membership in the RC is required by OCGA Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC board membership includes the chief elected official of each county and municipality of the area. OCGA Section 50-8-39.1 provides that the member governments are liable for any debts and obligations of the RC. Separate financial statements may be obtained from: Heart of Georgia Altamaha Regional Commission, 5405 Oak Street, Eastman, Georgia 31023.

(10) Retirement Plans

Defined Contribution Plan

Effective January 1, 2015, the County established the ACCG (Association County Commissioners of Georgia) 401(a) Defined Contribution Plan for Montgomery County Employees (plan), a single employer defined contribution plan established and administered by ACCG-GEBCorp for substantially all of its full-time employees. The plan provides retirement benefits to participants and beneficiaries. Plan provision and contribution requirements are established by ACCG-GEBCorp; however, they may be amended by the Montgomery County Board of Commissioners within the limits set forth in Section 12.01 of the plan document. The County will contribute three percent of the employee's compensation under the plan. Employees with less than five years of service are not vested in the plan and become 100 percent vested after five years of service.

The County's contributions to the plan for the year ended December 31, 2016 were $24,134.

(11) Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which, except as described in the following paragraph, the County carries commercial insurance in amounts deemed prudent by County management.

The County participates in the Association of County Commissioners Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

(11) Risk Management (Continued)

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 the 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 laws 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.

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or three prior years.

(12) Contingencies and Commitments

Grant Contingencies

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

Litigation

The County is involved in lawsuits in the ordinary course of business. 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.

REQUIRED SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Property Taxes	$ 2,855,367	$ 2,674,765	$ 2,665,860	$ (8,905)
Sales Taxes	304,000	328,455	328,455	-
Other Taxes	255,000	275,290	275,290	-
Licenses and permits	13,000	15,040	4,710	(10,330)
Intergovernmental	5,000	5,000	5,000	-
Charges for Services	106,300	146,148	165,383	19,235
Fines, Forfeitures, and Fees	270,500	292,480	292,480	-
Interest	3,500	3,450	3,450	-
Other	8,500	15,810	15,810	-
Total Revenues	3,821,167	3,756,438	3,756,438	-
Expenditures				
Current				
General Government				
Board of Commissioners	46,461	46,048	46,048	-
Elections	80,362	74,915	74,915	-
Financial Administration	277,113	227,157	227,157	-
Tax Commissioner	129,412	127,855	127,855	-
Tax Assessor	171,807	160,446	160,446	-
General Government Building	165,780	162,752	162,752	-
Total General Government	870,935	799,173	799,173	-
Judicial				
Superior Court	68,800	68,244	68,244	-
Clerk of Superior Court	128,077	134,210	134,210	-
Magistrate Court	82,587	82,015	82,015	-
Probate Court	108,887	110,802	110,802	-
Traffic Court	3,600	3,600	3,600	-
Legal	38,100	21,227	21,227	-
Total Judicial	$ 430,051	$ 420,098	$ 420,098	$ -

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Over (Under) Budget
Public Safety				
Sheriff	$ 947,169	$ 919,803	$ 919,803	$ -
Rural Fire Protection	93,000	93,000	93,000	-
Emergency Medical Services	202,400	202,127	202,127	-
Emergency Management	56,126	48,874	48,874	-
Coroner	12,030	10,443	10,443	-
E-911	334,225	304,207	304,207	-
Total Public Safety	1,644,950	1,578,454	1,578,454	-
Public Works				
Road Department	482,680	470,628	470,628	-
Sold Waste	225,516	210,864	210,864	-
Total Public Works	708,196	681,492	681,492	-
Health and Welfare				
Health Center	48,372	48,216	48,216	-
Aid to Depend Children	5,520	5,520	5,520	-
Senior Citizens Center	49,247	49,813	49,813	-
Total Health and Welfare	103,139	103,549	103,549	-
Culture and Recreation				
Forest Resources	13,600	15,563	15,563	-
Recreation	35,000	35,088	35,088	-
Library	21,000	21,000	21,000	-
Total Culture and Recreation	69,600	71,651	71,651	-
Housing and Development				
County Extension	$ 64,561	$ 48,766	$ 48,766	$ -

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Over (Under) Budget
Debt Service				
Principal	$ 117,500	$ 74,064	$ 72,989	$ (1,075)
Interest	-	-	1,075	1,075
Total Debt Service	117,500	74,064	74,064	-
Total Expenditures	4,008,932	3,777,247	3,777,247	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(187,765)	(20,809)	(20,809)	-
Other Financing Sources (Uses)				
Proceeds from Note Payable	80,000	-	-	-
Transfers In	173,100	85,000	85,000	-
Transfers Out	(93,935)	(103,460)	(103,460)	-
Total Other Financing Sources (Uses)	159,165	(18,460)	(18,460)	-
Net Change in Fund Balance	(28,600)	(39,269)	(39,269)	-
Fund Balance, Beginning	-	-	2,647,276	2,647,276
Fund Balance, Ending	$ (28,600)	$ (39,269)	$ 2,608,007	$ 2,647,276

OTHER INFORMATION

MONTGOMERY COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

These funds are generally used to account for tax supported activities which include the nonmajor special revenue and the capital projects funds of the County.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Capital Projects Funds are used to account for the acquisition or construction of major capital facilities.

Special Education Fund - To account for proceeds from a state-mandated addendum to fines, which may be expended for drug and alcohol abuse treatment and education programs.

Drug Forfeiture Fund - To account for the net proceeds of property deemed by the courts to be forfeited, in cases related to illegal drug activity. Expenditures are legally restricted to purchases of law enforcement materials and equipment.

Senior Nutrition Fund - To account for revenues from grants and other sources to provide meals and other services to the elderly.

Emergency 911 Fund - To account for revenues collected from telephone system subscribers, which are used to operate and maintain a countywide emergency response telephone system.

County (Jail) Fee Fund - To account for the additional ten percent penalty charged on all court fines imposed within Montgomery County. Money collected by this fund is to be expended solely and exclusively for the constructing, operating and staffing of Montgomery County jails.

Law Library Fund - To account for the purchase of County Law Library materials, from revenue generated for that purpose, based on a portion of court fines and forfeitures.

Development Authority - To account for the promotion and expansion of industry and trade within Montgomery County.

T-SPLOST - To account for the County's proceeds for the Transportation Special Purpose Local Option Sales Tax.

Project Fund - To account for revenues received for various County projects.

SPLOST 2009 Fund - The SPLOST 2009 Fund accounts for the acquisition and construction of approved projects within the County from resources provided by the 2009 special County one percent sales and use tax.

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

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds - SPLOST 2009 Fund	Total Nonmajor Governmental Funds
Cash and Cash Equivalents	$ 641,791	$ -	$ 641,791
Accounts Receivable	17,057	-	17,057
Due from Other Governments	35,449	-	35,449
Total Assets	$ 694,297	$ -	$ 694,297
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	$ 56,974	$ -	$ 56,974
Accrued Liabilities	2,062	-	2,062
Total Liabilities	59,036	-	59,036
Fund Balance			
Restricted	635,261	-	635,261
	$ 694,297	$ -	$ 694,297

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

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund - SPLOST 2009	Total Nonmajor Governmental Funds
Revenues			
Sales Taxes	$ 226,497	$ -	$ 226,497
Charges for Services	124,528	-	124,528
Fines and fees	26,677	-	26,677
Intergovernmental	605,348	-	605,348
Other	9,500	-	9,500
Interest	1,158	51	1,209
Total Revenue	993,708	51	993,759
Expenditures			
Current			
Judicial	3,170	-	3,170
Public safety	49,020	-	49,020
Public Works	5,975	4,016	9,991
Housing and Development	123,035	-	123,035
Health and Welfare	59,389	-	59,389
Capital Outlay	431,945	27,496	459,441
Debt Service			
Principal	5,382	23,034	28,416
Interest	7,820	3,181	11,001
Total Expenditures	685,736	57,727	743,463
Excess (Deficiency) of Revenues Over (Under) Expenditures	307,972	(57,676)	250,296
Other Financing Uses			
Capital Leases	47,095	-	47,095
Transfer In	108,778	-	108,778
Transfer Out	(90,318)	(5,694)	(96,012)
Total Other Financing Uses	65,555	(5,694)	59,861
Net Change in Fund Balance	373,527	(63,370)	310,157
Fund Balance, Beginning	261,734	63,370	325,104
Fund Balance, Ending	$ 635,261	$ -	$ 635,261

MONTGOMERY COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2016

	Special Drug Education	Special Drug Forfeiture	Senior Nutrition Fund	E-911	Court (Jail) Fee Fund	Law Library	Development Authority	T-SPLOST	Project Fund	Total Nonmajor Special Revenue Funds
Cash and Cash Equivalents	$ 35,075	$ 9,280	$ 7,990	$ 86,225	$ 17,244	$ 10,939	$ 4,429	$ 132,812	$ 337,797	$ 641,791
Accounts Receivable	356	-	-	16,431	-	270	-	-	-	17,057
Due from Other Governments	-	-	-	-	-	-	-	35,449	-	35,449
Total Assets	$ 35,431	$ 9,280	$ 7,990	$ 102,656	$ 17,244	$ 11,209	$ 4,429	$ 168,261	$ 337,797	$ 694,297
Liabilities and Fund Balances										
Liabilities										
Accounts Payable	$ -	$ -	$ 4,421	$ 2,308	$ -	$ -	$ -	$ 3,371	$ 46,874	$ 56,974
Accrued Liabilities	-	-	-	-	-	-	2,062	-	-	2,062
Total Liabilities	-	-	4,421	2,308	-	-	2,062	3,371	46,874	59,036
Fund Balance										
Restricted	35,431	9,280	3,569	100,348	17,244	11,209	2,367	164,890	290,923	635,261
	$ 35,431	$ 9,280	$ 7,990	$ 102,656	$ 17,244	$ 11,209	$ 4,429	$ 168,261	$ 337,797	$ 694,297

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

	Special Drug Education	Special Drug Forfeiture	Senior Nutrition Fund	E-911	Court (Jail) Fee Fund	Law Library	Development Authority	T-SPLOST	Project Fund	Total Nonmajor Governmental Funds
Revenues										
Sales Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 226,497	$ -	$ 226,497
Charges for Service	-	-	4,856	119,672	-	-	-	-	-	124,528
Fines, Forfeitures, and Fees	8,833	-	-	-	11,990	5,854	-	-	-	26,677
Intergovernmental	-	-	78,798	-	-	-	-	-	526,550	605,348
Other	-	-	-	-	-	-	-	-	9,500	9,500
Interest	79	23	-	100	64	25	79	220	568	1,158
Total Revenue	8,912	23	83,654	119,772	12,054	5,879	79	226,717	536,618	993,708
Expenditures										
Current										
Judicial	-	-	-	-	-	3,170	-	-	-	3,170
Public Safety	929	-	-	32,866	15,225	-	-	-	-	49,020
Public Works	-	-	-	-	-	-	-	5,975	-	5,975
Housing and Development	-	-	-	-	-	-	123,035	-	-	123,035
Health and Welfare	-	-	57,989	-	-	-	-	-	1,400	59,389
Capital Outlay	-	-	-	-	-	-	8,525	99,155	324,265	431,945
Debt Service										
Principal	-	-	-	-	-	-		5,382	-	5,382
Interest	-	-	-	-	-	-	7,820	-	-	7,820
Total Expenditures	929	-	57,989	32,866	15,225	3,170	139,380	110,512	325,665	685,736
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,983	23	25,665	86,906	(3,171)	2,709	(139,301)	116,205	210,953	307,972
Other Financing Sources										
Capital Leases	-	-	-	-	-	-	-	25,800	21,295	47,095
Transfer In	-	-	-	-	-	-	103,460	-	5,318	108,778
Transfer Out	-	-	(25,000)	-	-	-	-	(65,318)	-	(90,318)
Total Other Financing Sources (Uses)	-	-	(25,000)	-	-	-	103,460	(39,518)	26,613	65,555
Net Change in Fund Balance	7,983	23	665	86,906	(3,171)	2,709	(35,841)	76,687	237,566	373,527
Fund Balance, Beginning	27,448	9,257	2,904	13,442	20,415	8,500	38,208	88,203	53,357	261,734
Fund Balance, Ending	$ 35,431	$ 9,280	$ 3,569	$ 100,348	$ 17,244	$ 11,209	$ 2,367	$ 164,890	$ 290,923	$ 635,261

MONTGOMERY COUNTY, GEORGIA

AGENCY FUNDS

Tax Commissioner - To account for the collection and payment to Montgomery County and other taxing units of the property taxes levied, billed and collected by the tax commissioner on behalf of Montgomery County and other taxing units.

Clerk of Courts - To account for all monies received by the Clerk of Superior Court on behalf of individuals, private organizations, other governmental units and other funds.

Probate Court - To account for all monies received by the Probate Court on behalf of individuals, private organizations, other governmental units and other funds.

Office of Sheriff - To account for all monies received by the Sheriff's Department on behalf of individuals, private organizations, other governmental units and other funds.

Magistrate Court - To account for all monies received by the Magistrate Court on behalf of individuals, private organizations, other governmental units and other funds.

MONTGOMERY COUNTY, GEORGIA
COMBINING BALANCE SHEET
AGENCY FUNDS
DECEMBER 31, 2016

	Tax Commissioner	Clerk of Courts	Probate Court	Office of Sheriff	Magistrate Court	Total
Assets						
Cash and Cash Equivalents	$ 7,038	$ 2,800	$ 37,141	$ 3,490	$ 2,771	$ 53,240
Liabilities						
Due to Others	$ 7,038	$ 2,800	$ 37,141	$ 3,490	$ 2,771	$ 53,240

MONTGOMERY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2009 ISSUE
FOR THE YEAR ENDED DECEMBER 31, 2016

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Roads and Bridges	$ 1,800,000	$ 1,927,015	$ 2,796	$ 1,929,811
Solid Waste	150,000	6,733	53,711	60,444
Ambulances	180,000	26,849	-	26,849
Fire Equipment	535,000	420,932	1,220	422,152
Municipalities:				
City of Ailey	326,900	223,605	-	223,605
City of Alston	100,405	68,679	-	68,679
City of Higgston	200,810	139,242	-	139,242
City of Mount Vernon	1,309,935	896,015	-	896,015
City of Tarrytown	63,045	44,268	-	44,268
City of Uvalda	333,905	228,395	-	228,395
	$ 5,000,000	$ 3,981,733	$ 57,727	$ 4,039,460

Note: The remaining funds of the SPLOST 2009 Fund in the amount of $5,694 were transferred to the SPLOST 2015 Fund to reduce capital lease obligations of that fund.

MONTGOMERY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2015 ISSUE
FOR THE YEAR ENDED DECEMBER 31, 2016

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Buildings/Ground Projects/Improvements	$ 780,000	$ 56,419	$ 21,563	$ 77,982
Roads and Bridges	1,718,000	-	43,572	43,572
Recreation and Library Improvements	60,000	-	-	-
Capital Equipment and Vehicles	500,000	-	192,179	192,179
Municipalities:				
City of Ailey	331,650	29,337	33,359	62,696
City of Alston	95,700	8,415	9,626	18,041
City of Higgston	194,700	17,149	19,584	36,733
City of Mount Vernon	1,405,800	124,978	140,902	265,880
City of Tarrytown	53,900	4,685	5,422	10,107
City of Uvalda	360,250	32,042	36,236	68,278
	$ 5,500,000	$ 273,025	502,443	$ 775,468
Transfer from SPLOST 2009 Fund			5,694	
			$ 508,137	

COMPLIANCE SECTION

MCNAIR, MCLEMORE, MIDDLEBROOKS & CO., LLC
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September 19, 2017

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
Montgomery County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Montgomery County, Georgia as of and for the year ended December 31, 2016, 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 September 19, 2017. Our report includes a reference to other auditors who audited the financial statements of Montgomery County Health Department, as described in our report on Montgomery County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 the Montgomery County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Montgomery County, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the County'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 and not be identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as findings 17-1 and 17-2, that we consider to be a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montgomery 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as finding 17-3.

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 and responses. 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 describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

MONTGOMERY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

17-1 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 supervision 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 errors or thefts 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 accounts can lead to misappropriation of funds.

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

Views of Responsible Officials and Planned Corrective Action:

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 accounts to provide reasonable assurance that an individual cannot misappropriate funds without such an act being detected during the normal course of business.

17-2 Reconciliation of Balance Sheet Accounts

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 may be misstated either by mistake or intentionally to cover up theft.

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.

Views of Responsible Officials and Planned Corrective Action:

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.

17-3 Uncollateralized Deposits

Condition: As of December 31, 2016, the County's uncollateralized deposits totaled $517,608 exposing the County to custodial credit risk.

Criteria: State law requires each collecting officer or officer holding public funds to have collateral or insurance pledged to equal no less than 110 percent of the public funds being secured.

Effect: The County may be subject to a loss of $517,608 if the financial institution were to fail.

Recommendation: The collateral requirements of each collecting officer or officer holding public funds should be reviewed for compliance with state law. For any public funds which are uncollateralized, the financial institution holding the public funds should pledge securities equal to no less than 110 percent of the public funds being secured.

Views of Responsible Officials and Planned Corrective Action:

We agree with this recommendation and will review the collateral requirements of each collecting officer or officer holding public funds for compliance with state law. For any uncollateralized public funds, we will contact the financial institution and have them pledge an adequate amount of securities.