MONTGOMERY COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2018

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TABLE OF CONTENTS

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
  - Nonmajor Governmental Funds - Combining Balance Sheet 27
  - Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances 28
  - Combining Balance Sheet - Agency Funds 30
- Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds - 2015 Issue 31
- Community Development Block Grant Program
  - Source and Application of Funds Schedule 32
  - Project Cost Schedule 33

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* 34
Schedule of Findings and Responses 36

MCNAIR MCLEMORE MIDDLEBROOKS & CO
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June 6, 2019

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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2018, 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 and other grant schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds is 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, the schedules of expenditures of special purpose local option sales tax proceeds, and other grant schedules 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 and individual nonmajor fund financial statements, the schedule of expenditures of special purpose sales tax proceeds, and other grant schedules 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 June 6, 2019, 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

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

BASIC FINANCIAL STATEMENTS

MONTGOMERY COUNTY, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Primary Government	Component Unit
	Governmental Activities	Health Department
Assets		
Cash and Cash Equivalents	$ 3,717,379	$ 400,208
Receivables		
Property Taxes	534,874	-
Accounts	38,365	-
Due from Other Governments	122,593	26,285
Inventory	12,725	-
Prepaid Items	39,166	-
Capital Assets		
Nondepreciable	552,293	-
Depreciable, Net of Accumulated Depreciation	7,105,161	1,140
Total Assets	12,122,556	427,633
Deferred Outflows of Resources		
Deferred Outflows of Resources Related to Pensions	-	62,846
Liabilities		
Accounts Payable	163,524	-
Accrued Expenses/Liabilities	40,944	3,254
Due to Other Governments	48,297	13,585
Long-Term Liabilities		
Compensated Absences	-	13,016
Capital Leases Due Within One Year	437,398	-
Capital Leases Due In More Than One Year	309,963	-
Note Payable Due In More Than One Year	139,707	-
Proportionate Share of Collective Net Pension Liability	-	189,096
Proportionate Share of Collective Net OPEB Liability	-	159,563
Total Liabilities	1,139,833	378,514
Deferred Inflows of Resources		
Deferred Inflows of Resources Related to Pensions	-	15,208
Net Position		
Net Investment in Capital Assets	6,570,386	1,140
Restricted for		
Capital Projects	334,549	-
Other Purposes	554,708	34,707
Unrestricted	3,523,080	60,910
Total Net Position	$ 10,982,723	$ 96,757

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

MONTGOMERY COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Component Unit: Health Department
Primary Government						
Governmental Activities						
General Government	$ 1,274,187	$ 165,710	$ -	$ -	$ (1,108,477)	$ -
Judicial	416,493	208,046	-	-	(208,447)	-
Public Safety	2,032,974	142,805	19,051	-	(1,871,118)	-
Public Works	1,219,621	-	36,541	397,271	(785,809)	-
Health and Welfare	179,099	4,799	90,070	-	(84,230)	-
Culture and Recreation	100,697	23,162	-	-	(77,535)	-
Housing and Development	168,763	1,000	-	-	(167,763)	-
Interest on Long-Term Debt	14,467	-	-	-	(14,467)	-
Total Governmental Activities and Primary Government	$ 5,406,301	$ 545,522	$ 145,662	$ 397,271	(4,317,846)	-
Health Department	$ 301,974	$ 110,183	$ 196,971	$ -		$ 5,180
General Revenues						
Property Taxes					2,512,393	-
Sales Taxes					1,157,025	-
Insurance Premium Tax					322,287	-
Alcohol Beverage Taxes					22,296	-
Other Taxes					613,387	-
Interest					4,736	-
Other					54,936	51,831
Total General Revenues					4,687,060	51,831
Change in Net Position					369,214	57,011
Net Position at Beginning of Year, As Previously Reported					10,613,509	200,450
Prior Period Adjustment					-	(160,704)
Net Position at Beginning of Year, As Restated					10,613,509	39,746
Net Position at End of Year					$ 10,982,723	$ 96,757

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

MONTGOMERY COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	SPLOST 2015 Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 2,865,643	$ 323,386	$ 528,350	$ 3,717,379
Receivables				
Property Taxes	534,874	-	-	534,874
Accounts	14,264	-	24,101	38,365
Due from Other Governments	32,215	59,460	30,918	122,593
Inventory	12,725	-	-	12,725
Prepaid Items	35,006	4,160	-	39,166
Total Assets	$ 3,494,727	$ 387,006	$ 583,369	$ 4,465,102
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	$ 138,728	$ -	$ 24,794	$ 163,522
Accrued Expenses/Liabilities	37,079	-	3,867	40,946
Due to Other Governments	-	48,297	-	48,297
Total Liabilities	175,807	48,297	28,661	252,765
Deferred Inflows of Resources - Unavailable Revenue	280,111	-	-	280,111
Fund Balances				
Nonspendable	47,731	4,160	-	51,891
Restricted for				
Capital Projects	-	334,549	-	334,549
Other Purposes	-	-	554,708	554,708
Unassigned	2,991,078	-	-	2,991,078
Total Fund Balances	3,038,809	338,709	554,708	3,932,226
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,494,727	$ 387,006	$ 583,369	
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.				7,657,454
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				280,111
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Note Payable				(139,707)
Capital Leases Payable				(747,361)
Net Position of Governmental Activities				$ 10,982,723

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, 2018

	General Fund	SPLOST 2015 Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$ 3,099,260	$ -	$ -	$ 3,099,260
Sales Taxes	351,492	607,301	220,527	1,179,320
Other Taxes	322,287	-	-	322,287
Licenses and Permits	14,723	-	-	14,723
Intergovernmental	55,592	-	489,737	545,329
Charges for Services	147,888	-	170,766	318,654
Fines, Forfeitures, and Fees	257,185	-	28,056	285,241
Other	22,671	-	1,000	23,671
Interest	3,822	638	914	5,374
	4,274,920	607,939	911,000	5,793,859
Expenditures				
Current				
General Government	857,060	-	-	857,060
Judicial	418,921	-	2,919	421,840
Public Safety	1,861,699	-	62,411	1,924,110
Public Works	786,246	36,871	53,556	876,673
Health and Welfare	103,846	-	64,229	168,075
Culture and Recreation	84,485	-	23,354	107,839
Housing and Development	45,762	-	103,620	149,382
Intergovernmental	-	269,408	-	269,408
Capital Outlay	-	238,579	463,183	701,762
Debt Service				
Principal	7,493	108,071	-	115,564
Interest	318	9,567	4,582	14,467
Total Expenditures	4,165,830	662,496	777,854	5,606,180
Excess (Deficiency) of Revenues Over (Under) Expenditures	109,090	(54,557)	133,146	187,679
Other Financing Sources (Uses)				
Notes Payable		-	17,871	17,871
Inception of Capital Leases	39,000	110,700	220,871	370,571
Transfers In	176,772	-	143,796	320,568
Transfers Out	(143,796)	-	(176,772)	(320,568)
Total Other Financing Sources (Uses)	71,976	110,700	205,766	388,442
Net Change in Fund Balances	181,066	56,143	338,912	576,121
Fund Balances, Beginning	2,857,743	282,566	215,796	3,356,105
Fund Balances, Ending	$ 3,038,809	$ 338,709	$ 554,708	$ 3,932,226

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, 2018

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

Net Change in Fund Balances - Total Governmental Funds	$	576,121
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.		84,317
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position.		28,113
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(46,459)
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.		(272,878)
Change in Net Position of Governmental Activities	$	369,214

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, 2018

	Agency Funds
Assets	
Cash and Cash Equivalents	$ 72,132
Liabilities	
Due to Others	$ 72,132

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 nine 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 needed.

(1) Summary of Significant Accounting Policies (Continued)

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.

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 categorized as nonspendable, 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, 2018, the County had no uncollateralized deposits.

As of June 30, 2018, the Health Department was 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, 2018.

(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, 2018:

	General Fund	Nonmajor Governmental Funds	Total
Receivables			
Accounts	$ 14,264	$ 24,101	$ 38,365
Property Taxes	563,025	-	563,025
	577,289	24,101	601,390
Allowance for Uncollectibles	(28,151)	-	(28,151)
	$ 549,138	$ 24,101	$ 573,239

Property taxes were levied on August 16, 2018. Bills were payable on or before December 20, 2018, 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 2018 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2018 and collected by February 28, 2019 are recognized as revenues in the year ended December 31, 2018. Net receivables estimated to be collected subsequent to February 28, 2018 are deferred as of December 31, 2018 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 year ended December 31, 2018 is as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 552,293	$ -	$ -	$ 552,293
Capital Assets, Depreciable				
Buildings and Improvements	6,047,599	76,489	-	6,124,088
Infrastructure	4,208,335	233,408	-	4,441,743
Furniture and Fixtures	306,182	17,896	-	324,078
Road Machinery and Equipment	4,359,880	426,205	(220,326)	4,565,759
	14,921,996	753,998	(220,326)	15,455,668
Accumulated Depreciation for				
Buildings and Improvements	(2,953,135)	(114,945)	-	(3,068,080)
Infrastructure	(1,165,152)	(170,448)	-	(1,335,600)
Furniture and Fixtures	(260,500)	(16,148)	-	(276,648)
Road Machinery and Equipment	(3,423,218)	(368,140)	121,179	(3,670,179)
	(7,802,005)	(669,681)	121,179	(8,350,507)
Total Capital Assets, Depreciable, Net	7,119,991	84,317	(99,147)	7,105,161
Governmental Activities Capital Assets, Net	$ 7,672,284	$ 84,317	$ (99,147)	$ 7,657,454

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.

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

Governmental Activities	
General Government	$ 139,668
Judicial	2,704
Public Safety	161,099
Public Works	342,947
Health and Welfare	11,024
Culture and Recreation	9,839
Community Development	2,400
	$ 669,681

(5) Capital Assets (Continued)

Discretely Presented Component Unit

Activity for the Health Center for the fiscal year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Depreciable				
Equipment and Vehicles	$ 17,682	$ -	$ (2,108)	$ 19,790
Accumulated Depreciation	(16,162)	(380)	2,108	(18,650)
	$ 1,520	$ (380)	$ -	$ 1,140

(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, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Capital Leases	$ 620,379	$ 370,571	$ (243,589)	$ 747,361	$ 437,398
Notes Payable	121,836	17,871	-	139,707	-
	$ 742,215	$ 388,442	$ (243,589)	$ 887,068	$ 437,398

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, 2018:

	Governmental Activities
Equipment	$ 1,163,782
Less: Accumulated Depreciation	(468,699)
	$ 695,083

The County reported $144,205 of depreciation expense for Governmental Activities on the above leased assets for the year ended December 31, 2018.

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

Year Ending December 31	Governmental Activities
2019	$ 455,823
2020	61,280
2021	55,898
2022	42,007
2023	163,865
2024 and Thereafter	20,269
Total Minimum Lease Payments	799,142
Less Amount Representing Interest	(51,781)
Present Value of Future Minimum Lease Payments	$ 747,361

Notes Payable

The notes payable bears interest at a rate of 4.75 percent and matures on January 25, 2020. Debt service requirements at maturity include $139,707 in principal and $2,073 in interest. The notes is secured by real estate.

(7) Interfund Receivables, Payables and Transfers

There were no interfund receivables or payables as of December 31, 2018.

Interfund Transfers

Transfers In	Transfers Out	Amount
General Fund	Nonmajor Governmental Funds	$ 176,772
Nonmajor Governmental Funds	General Fund	143,796
		$ 320,568

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-2018-11	$ 32,275	$ 32,275
HGAAAA-2019-11	34,295	34,295
	$ 66,570	$ 66,570

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

Employee	Salary
Evelyn Carpenter	$ 16,731
Sylvia Fowler	6,402
Carol Helms	925
James Selph	5,784
	$ 29,842

(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, 2018, 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, 2018 were $42,259.

(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.

(13) Deficit Fund Balance

As of December 31, 2018, the Recreation Fund, a nonmajor special revenue fund, had a deficit fund balance of $192.

REQUIRED SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Property Taxes	$ 3,013,161	$ 3,099,260	$ 3,099,260	$ -
Sales Taxes	294,000	351,492	351,492	-
Other Taxes	296,608	322,287	322,287	-
Licenses and Permits	14,000	14,723	14,723	-
Intergovernmental	5,500	55,592	55,592	-
Charges for Services	130,000	147,888	147,888	-
Fines, Forfeitures and Fees	265,000	257,185	257,185	-
Interest	3,500	3,822	3,822	-
Other	10,500	22,671	22,671	-
Total Revenues	4,032,269	4,274,920	4,274,920	-
Expenditures				
Current				
General Government				
Board of Commissioners	52,020	48,782	48,782	-
Elections	75,254	77,553	77,553	-
Financial Administration	255,091	250,149	250,149	-
Tax Commissioner	138,793	136,221	136,221	-
Tax Assessor	159,439	192,281	192,281	-
General Government Building	161,913	152,074	152,074	-
Total General Government	842,510	857,060	857,060	-
Judicial				
Superior Court	82,100	79,559	79,559	-
Clerk of Superior Court	135,020	125,349	125,349	-
Magistrate Court	84,015	85,531	85,531	-
Probate Court	114,743	116,081	116,081	-
Traffic Court	3,600	4,350	4,350	-
Legal	9,025	8,051	8,051	-
Total Judicial	$ 428,503	$ 418,921	$ 418,921	$ -

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
Public Safety				
Sheriff	$ 1,060,290	$ 1,169,630	$ 1,169,630	$ -
Rural Fire Protection	105,000	129,001	129,001	-
Emergency Medical Services	220,600	211,087	211,087	-
Emergency Management	57,701	65,695	65,695	-
Coroner	12,710	12,538	12,538	-
E-911	352,007	273,748	273,748	-
Total Public Safety	1,808,308	1,861,699	1,861,699	-
Public Works				
Road Department	533,756	545,080	545,080	-
Solid Waste	226,958	241,166	241,166	-
Total Public Works	760,714	786,246	786,246	-
Health and Welfare				
Health Center	48,372	48,206	48,206	-
Aid to Depend Children	5,520	5,260	5,260	-
Senior Citizens Center	50,710	50,380	50,380	-
Total Health and Welfare	104,602	103,846	103,846	-
Culture and Recreation				
Forest Resources	15,450	16,981	16,981	-
Recreation	48,056	46,424	46,424	-
Library	21,000	21,080	21,080	-
Total Culture and Recreation	84,506	84,485	84,485	-
Housing and Development				
County Extension	$ 60,763	$ 45,762	$ 45,762	$ -

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
Debt Service				
Principal	$ 28,000	$ 7,493	$ 7,493	$ -
Interest	-	318	318	-
Total Debt Service	28,000	7,811	7,811	-
Total Expenditures	4,117,906	4,165,830	4,165,830	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(85,637)	109,090	109,090	-
Other Financing Sources (Uses)				
Inception of Capital Leases	-	39,000	39,000	-
Transfers In	149,400	176,772	176,772	-
Transfers Out	(93,796)	(143,796)	(143,796)	-
Total Other Financing Sources (Uses)	55,604	71,976	71,976	-
Net Change in Fund Balance	(30,033)	181,066	181,066	-
Fund Balance, Beginning	2,857,743	2,857,743	2,857,743	-
Fund Balance, Ending	$ 2,827,710	$ 3,038,809	$ 3,038,809	$ -

OTHER INFORMATION

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 Drug 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 Citizens 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 Fund - To account for the County's proceeds for the Transportation Special Purpose Local Option Sales Tax.

Projects Fund - To account for revenues associated with various County projects.

Recreation Fund - To account for revenues generated from concessions, gate admissions and registration fees which are used to support the County's recreation programs.

Community Development Block Grant (CDBG) Fund - To account for proceeds of the Community Development Block Grant.

MONTGOMERY COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018

	Special Drug Education Fund	Drug Forfeiture Fund	Senior Citizens Nutrition Fund	Emergency 911 Fund	County (Jail) Fee Fund	Law Library Fund	Development Authority	T-SPLOST Fund	Projects Fund	Recreation Fund	CDBG Fund	Total
Assets												
Cash and Cash Equivalents	$ 27,610	$ 19,030	$ 9,195	$ 1,017	$ 16,839	$ 17,238	$ 6,705	$ 130,385	$ 300,153	$ (192)	$ 370	$ 528,350
Accounts Receivable	-	-	-	23,837	264	-	-	-	-	-	-	24,101
Due from Other Governments	-	-	4,889	-	-	-	-	26,029	-	-	-	30,918
Total Assets	$ 27,610	$ 19,030	$ 14,084	$ 24,854	$ 17,103	$ 17,238	$ 6,705	$ 156,414	$ 300,153	$ (192)	$ 370	$ 583,369
Liabilities and Fund Balances												
Liabilities												
Accounts Payable	$ 14,338	$ -	$ 4,984	$ 1,681	$ -	$ -	$ -	$ 3,791	$ -	$ -	$ -	$ 24,794
Accrued Liabilities	-	-	-	-	-	-	3,867	-	-	-	-	3,867
Total Liabilities	14,338	-	4,984	1,681	-	-	3,867	3,791	-	-	-	28,661
Fund Balance												
Restricted	13,272	19,030	9,100	23,173	17,103	17,238	2,838	152,623	300,153	(192)	370	554,708
	$ 27,610	$ 19,030	$ 14,084	$ 24,854	$ 17,103	$ 17,238	$ 6,705	$ 156,414	$ 300,153	$ (192)	$ 370	$ 583,369

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, 2018

	Special Drug Education Fund	Drug Forfeiture Fund	Senior Citizens Nutrition Fund	Emergency 911 Fund	County (Jail) Fee Fund	Law Library Fund	Development Authority	T-SPLOST Fund	Projects Fund	Recreation Fund	CDBG Fund	Total
Revenues												
Sales Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 220,527	$ -	$ -	$ -	$ 220,527
Charges for Service	-	-	4,799	142,805	-	-	-	-	-	23,162	-	170,766
Fines, Forfeitures and Fees	5,992	3,853	-	-	10,102	8,109	-	-	-	-	-	28,056
Intergovernmental	-	-	90,070	-	-	-	-	-	384,667	-	15,000	489,737
Other	-	-	-	-	-	-	1,000	-	-	-	-	1,000
Interest	73	43	-	111	27	41	66	286	267	-	-	914
Total Revenue	6,065	3,896	94,869	142,916	10,129	8,150	1,066	220,813	384,934	23,162	15,000	911,000
Expenditures												
Current												
Judicial	-	-	-	-	-	2,919	-	-	-	-	-	2,919
Public Safety	22,760	-	-	39,651	-	-	-	-	-	-	-	62,411
Public Works	-	-	-	-	-	-	-	53,556	-	-	-	53,556
Housing and Development	-	-	-	-	-	-	103,620	-	-	-	-	103,620
Health and Welfare	-	-	64,229	-	-	-	-	-	-	-	-	64,229
Culture and Recreation	-	-	-	-	-	-	-	-	-	23,354	-	23,354
Capital Outlay	-	-	-	-	-	-	8,896	71,448	367,839	-	15,000	463,183
Debt Service - Interest	-	-	-	-	-	-	4,582	-	-	-	-	4,582
Total Expenditures	22,760	-	64,229	39,651	-	2,919	117,098	125,004	367,839	23,354	15,000	777,854
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,695)	3,896	30,640	103,265	10,129	5,231	(116,032)	95,809	17,095	(192)	-	133,146
Other Financing Sources												
Note Payable Issued	-	-	-	-	-	-	17,871	-	-	-	-	17,871
Inception of Capital Leases	-	-	-	-	-	-	-	-	220,871	-	-	220,871
Transfer In	-	-	-	-	-	-	93,796	-	50,000	-	-	143,796
Transfer Out	-	-	(25,000)	(91,772)	-	-	-	(60,000)	-	-	-	(176,772)
Total Other Financing Sources (Uses)	-	-	(25,000)	(91,772)	-	-	111,667	(60,000)	270,871	-	-	205,766
Net Change in Fund Balance	(16,695)	3,896	5,640	11,493	10,129	5,231	(4,365)	35,809	287,966	(192)	-	338,912
Fund Balance, Beginning	29,967	15,134	3,460	11,680	6,974	12,007	7,203	116,814	12,187	-	370	215,796
Fund Balance, Ending	$ 13,272	$ 19,030	$ 9,100	$ 23,173	$ 17,103	$ 17,238	$ 2,838	$ 152,623	$ 300,153	$ (192)	$ 370	$ 554,708

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, 2018

	Tax Commissioner	Clerk of Courts	Probate Court	Office of Sheriff	Magistrate Court	Total
Assets						
Cash and Cash Equivalents	$ 36,355	$ 17,389	$ 9,962	$ 6,204	$ 2,222	$ 72,132
Liabilities						
Due to Others	$ 36,355	$ 17,389	$ 9,962	$ 6,204	$ 2,222	$ 72,132

MONTGOMERY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2015 ISSUE
FOR THE YEAR ENDED DECEMBER 31, 2018

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Buildings and Ground Projects and Improvements, Road Improvements, Recreation and Library Equipment, Major Equipment and Motor Vehicles	$ 3,058,000	$ 588,375	$ 275,450	$ 863,825
Distribution to Municipalities:				
City of Ailey	331,650	92,902	36,590	129,492
City of Alston	95,700	26,758	10,558	37,316
City of Higgston	194,700	54,466	21,480	75,946
City of Mount Vernon	1,405,800	396,117	155,088	551,205
City of Tarrytown	53,900	15,016	5,947	20,963
City of Uvalda	360,250	101,090	39,745	140,835
	$ 5,500,000	$ 1,274,724	$ 544,858	$ 1,819,582

Reconciliation of SPLOST Schedule to Financial Statements	
Total of SPLOST Expenditures Above	$ 544,858
Total Expenditures - SPLOST 2015 Fund	$ 662,496
Debt Service Payments	(117,638)
	$ 544,858

MONTGOMERY COUNTY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
SOURCE AND APPLICATION OF FUNDS SCHEDULE
GRANT #15P-Y-103-1-5775
FOR THE YEAR ENDED DECEMBER 31, 2018

I. Total Fiscal Year 2015 Funds Awarded to Recipient	$ 500,000.00
II. Total Amount Drawn Down by Recipient from CDBG	$ 500,000.00
III. Less: CDBG Funds Expended by Recipient	$ 500,000.00
IV. Amount of Fiscal Year 2015 CDBG Funds Held by Recipient	$ -

MONTGOMERY COUNTY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
PROJECT COST SCHEDULE
GRANT #15P-Y-103-1-5775
FOR THE YEAR ENDED DECEMBER 31, 2018

Program Activity	Activity Code	Latest Approved Budget	Accumulative Expenditures to Date	Accumulative Expenditures to Date Other Funds	Total of Expenditures to Date	Questioned Costs
Engineering	T-03K-00	$ 44,615	$ 44,615	$ 5,000	$ 49,615	$ -
Street Improvements	P-03K-01	393,461	393,461	39,900	433,361	-
Flood and Drainage Facilities	P-03K-02	46,924	46,924	-	46,924	-
Administration	A-21A-00	15,000	15,000	-	15,000	-
		$ 500,000	$ 500,000	$ 44,900	$ 544,900	$ -

COMPLIANCE SECTION

MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

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June 6, 2019

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, 2018, 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 6, 2019. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as findings 2018-1 and 2018-2, that we consider to be 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

MONTGOMERY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018

FINANCIAL STATEMENT FINDINGS AND RESPONSES

2018-1 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.

FINANCIAL STATEMENT FINDINGS AND RESPONSES

2018-2 Reconciliation of County Balance Sheet Accounts

Condition: Cash accounts (Funds In Transit and Cash – MBT Next Year) are not being reconciled on a regular basis.

Criteria: Policies and procedures should be in place to ensure that all cash accounts are reconciled accurately and 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 accurately and 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 accurately and in a timely manner.