MURRAY COUNTY, GEORGIA

Annual Financial Report

For the year ended December 31, 2017

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MURRAY COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the year ended December 31, 2017

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Independent Auditor's Report

Honorable Commissioner
Murray County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Murray County, Georgia, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Murray County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Murray County Health Department, which represents 99.1% of the assets, (104.9%) of the net position, and 99.2% of the revenues of the County's component units for the year ended December 31, 2017. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Murray County Health Department, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 units, each major fund, and the aggregate remaining fund information of Murray County, Georgia, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons of the General Fund 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 management's discussion and analysis and the required supplementary information on pages 4 through 13 and 56 through 59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Murray County, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2018, on our consideration of Murray County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Murray County, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
May 18, 2018

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Murray County Commissioner's Office

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CHATSWORTH, GA 30705
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Murray County management is proud to present this narrative discussion and analysis of Murray County's financial performance, making available an overview of the activities for the fiscal year ended December 31, 2017. This report is drafted annually to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about Murray County. As required by the Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis affords comparisons with the previous fiscal year.

Financial Highlights

- Murray County's assets exceeded its liabilities at December 31, 2017 by $47,703,974 (*net position*). Of this amount, $3,790,693 is reported as unrestricted net position. This is an increase of $695,829 from the previous fiscal year for unrestricted. Total net position decreased by $856,160 from the previous fiscal year as the result of operations.

- As of December 31, 2017, Murray County's governmental funds reported combined ending fund balances of $6,707,160. Approximately 60% of this total amount, or $4,020,277, is reported as unassigned and available for spending at the County's discretion. Approximately 34%, or $2,288,562, is restricted for capital outlay. Information about Murray County's policy on fund balance can be found in Note 2R in the *Notes to the Financial Statements* beginning on page 35.

More detailed information regarding these activities and funds begins on page 8.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to Murray County's basic financial statements. Murray County's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

Government-wide Financial Statements (Reporting the County as a Whole)

The focus of the government-wide financial statements is on the overall financial position and activities of Murray County and is designed to provide a broad overview of the County's financial activities in a manner similar to a private business enterprise.

The County's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These two statements report information about Murray County using the accrual basis of accounting, which is similar to the accounting used by non-public businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the ***Statement of Net Position*** (pages 14-15) is to report all of the assets held and liabilities owed by the County. The County reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net position*. While the purpose of County Government is not to accumulate net position, as this amount increases it can indicate the strength of the County's financial position as a whole. When this amount decreases it can indicate a weakening of the County's financial position.

The ***Statement of Activities*** (page 16) presents the revenues and expenses of the County. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position*. The Statement of Activities primary focus is on the *net cost* of various activities provided by the County and identifies the extent to which each function of the County draws from general revenues or is self-financing through user fees, special revenues, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, we divide Murray County into three types of activities:

- ***Governmental activities*** – Most of the County's basic services are reported under this category which includes: judicial, public safety, public works, and general administration. Taxes such as: real property, sales, insurance premium and intangible finance most of these services.

- ***Discretely Presented Component Units*** – A component unit is a legally separate organization for which the elected officials of the County are financially accountable. The Murray County Health Department and Murray County Recreation Commission, although legally separate, function for all practical purposes as departments of Murray County, and therefore have been included as an integral part of the primary government.

The County's government-wide financial statements are presented on pages 14-16.

Fund Financial Statements (Reporting the County's Major Funds)
The focus of fund financial statements is directed at specific activities of the County and its most significant funds, not the County as a whole. A fund is an entity with a self-balancing set of accounts that the County uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the County's non-major funds can be found beginning on page 60. The County's funds are divided into two broad categories: governmental and fiduciary. They use different prescribed accounting methodologies.

- ***Governmental Funds*** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on the short-term view of the County's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash.

  Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By so doing, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided following each statement.

  Murray County maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and 2013 SPLOST Capital Projects Fund, which are considered major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 60-61 of this report.

  Murray County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been included for the General Fund to show the final result of actual revenues and expenditures as compared to the initial projections.

  The County's basic governmental fund financial statements are presented on pages 17-22 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs and services. The accounting used for fiduciary funds is similar to that used for proprietary funds. Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements. The fiduciary fund financial statements are presented on page 23.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-55 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County's defined benefit pension plan. The required supplementary information can be found on pages 56-59 of this report.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 18 and 20) which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statements but as deferred inflows of resources on the fund statements.
- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the County's Financial Position and Operations

The County's overall financial position and operations for this fiscal year is summarized as follows based on the information included in the government-wide financial statements (see pages 14-16):

Murray County
Net Position
Fiscal Years 2017 and 2016

	Governmental Activities	
	2017	**2016**
Current assets	$ 8,979,547	$ 6,807,243
Capital assets	41,579,527	43,737,588
Total assets	50,559,074	50,544,831
Deferred outflows of resources	1,730,224	1,505,295
Current liabilities	1,686,771	1,188,561
Noncurrent liabilities	2,898,553	2,301,431
Total liabilities	4,585,324	3,489,992
Net position:		
Net investment in capital assets	41,475,253	43,640,296
Restricted	2,438,028	1,824,974
Unrestricted	3,790,693	3,094,864
Total net position	$ 47,703,974	$ 48,560,134

Net position may serve over time as a useful indicator of a government's financial position. Assets for Murray County exceeded liabilities by $47,703,974 at the close of fiscal year 2017. Approximately 87% of Murray County's net position is reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire them. This is down 3% from 90% at December 31, 2016. The County uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position comprises 5%. This amount represents resources that are subject to external restrictions or enabling legislation on how they may be used. Unrestricted net position comprises the remaining 8% of net position.

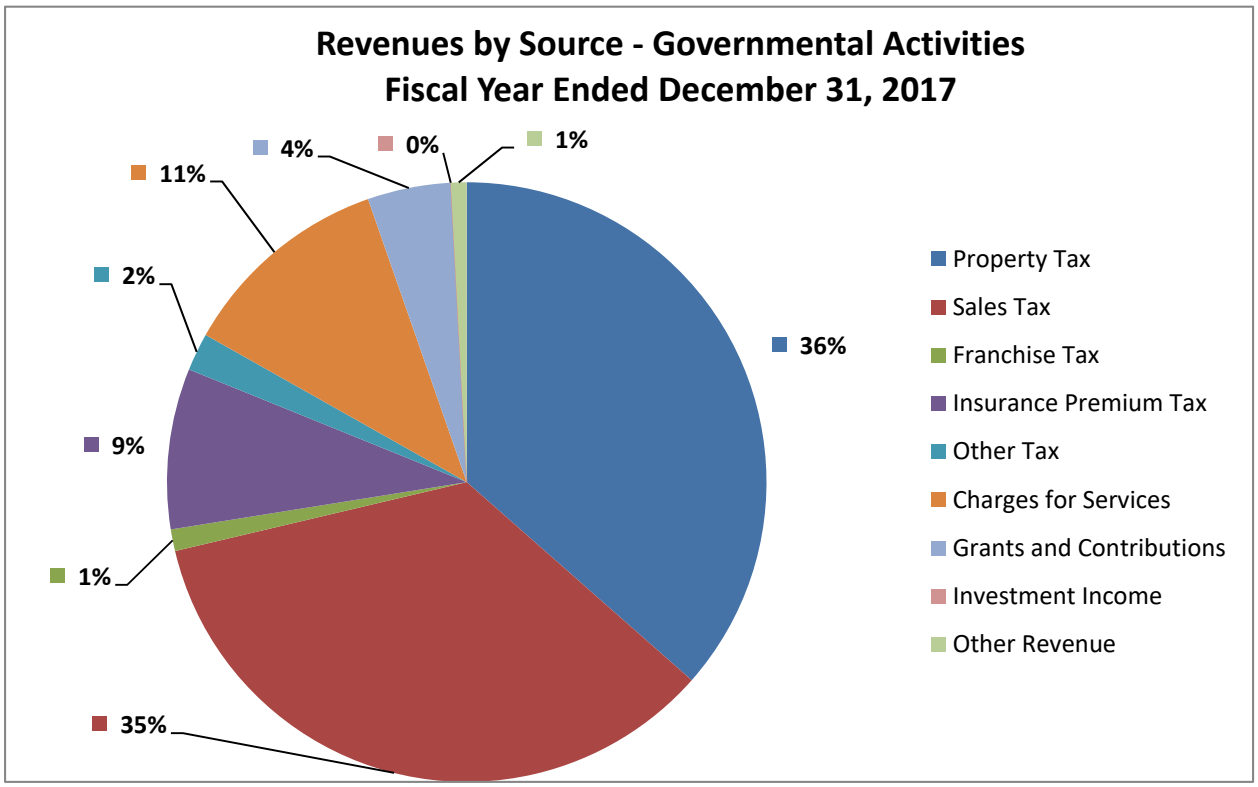
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how Murray County's net position changed during the fiscal year.

Murray County
Changes in Net Position
Fiscal Years 2017 and 2016

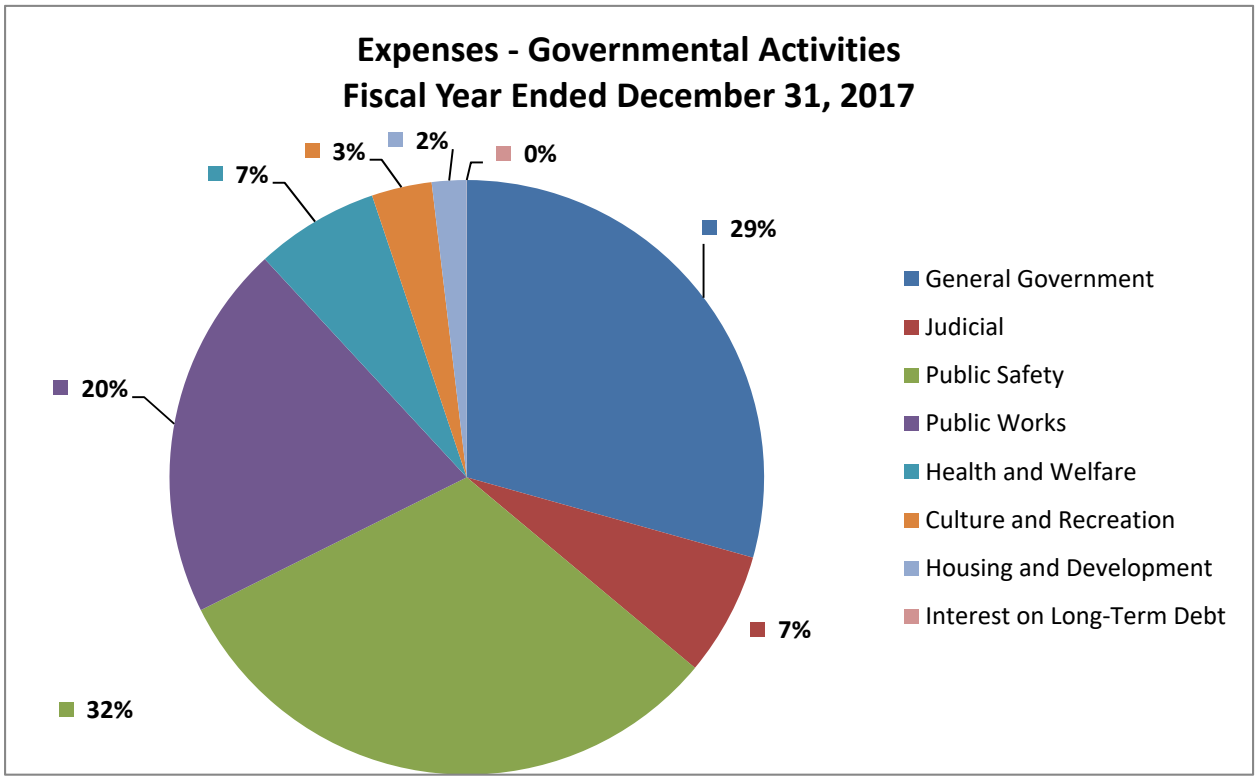
	Governmental Activities	
	2017	**2016**
Revenues		
Program revenues:		
Charges for services	$ 2,732,226	$ 2,791,032
Operating grants and contributions	48,426	38,153
Capital grants and contributions	1,018,718	706,968
General revenues:		
Property tax	8,674,915	6,965,351
Sales tax	8,276,188	7,879,376
Franchise tax	277,118	269,062
Insurance premium tax	2,058,635	1,922,223
Other taxes	484,936	448,868
Interest & investment earnings	5	8
Other revenue	202,260	244,522
Total revenues	23,773,427	21,265,563
Expenses		
General government	7,228,744	6,626,862
Judicial	1,655,630	1,637,885
Public Safety	7,773,273	7,385,799
Public Works	5,044,794	4,972,242
Health and Welfare	1,655,758	2,043,259
Culture and Recreation	806,645	775,129
Housing and Development	463,212	418,702
Interest on long-term debt	1,531	1,878
Total expenses	24,629,587	23,861,756
Increase (decrease) in net position	(856,160)	(2,596,193)
Net position - beginning	48,560,134	51,156,327
Net position - ending	$ 47,703,974	$ 48,560,134

Governmental Activities –

The following chart illustrates revenues of the governmental activities for the fiscal year:



The following chart illustrates the expenses of the governmental activities for the fiscal year:



Financial Analysis of the County's Funds

Murray County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The main focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of unrestricted resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

1) As the County completed this fiscal year, its governmental funds reported a combined ending fund balance of $6,707,160. Of this amount, $4,020,277 (60%) constitutes unassigned fund balance, which is available for appropriation for the general purposes of the funds in accordance with the Murray County policy on fund balance.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $4,020,277, while total fund balance reached $4,161,883. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 96% of total fund balance in the General Fund. Unassigned fund balance represents 23% of total General Fund expenditures, while total fund balance represents approximately 24% of that same amount. The County ended the fiscal year realizing an increase in the overall fund balance in the General Fund by $291,435, or approximately 8%. The County increased unassigned fund balance in the General Fund by $321,302, or 9%. This increase was due in large part to budget performance as noted below. The increase was slightly more than the increase in the prior year due to increased revenues.

At the end of the current fiscal year, the 2013 SPLOST Capital Projects Fund had total fund balance of $2,288,562, of which $2,288,562 is restricted for capital outlay. Fund balance of the 2013 SPLOST Capital Projects Fund increased $545,839 during 2017. The cause for the increase in fund balance was receipts of SPLOST revenues from the current referendum at a faster pace than continued spending on capital projects.

General Fund Budget Highlights

The original budget for the General Fund was amended reflecting grant awards, reimbursements, insurance claims, as well as unanticipated revenues and expenditures. The Commissioner also approved interdepartmental transfers. Overall, General Fund revenues exceeded final amended budget projections by $17,950, or 0.1%. General Fund expenditures were below the final amended budget projections by $496,829, or 3%.

The County has not budgeted to use fund balance in the General Fund for use in fiscal year 2018. Current General Fund revenues are meeting estimates for fiscal year 2018 and the General Fund fund balance is expected to remain similar.

Capital Assets and Debt Administration

Capital Assets. Murray County has invested $41,579,527 in capital assets (net of accumulated depreciation) compared to $43,737,588 in the previous fiscal year. This represents a decrease of 4.9%. Capital assets held by the County at fiscal year-end are summarized as follows:

Murray County
Capital Assets (net of accumulated depreciation)
Fiscal Years 2017 and 2016

	Governmental Activities	
	2017	**2016**
Land	$ 3,067,465	$ 2,974,625
Land improvements	5,382,617	5,399,854
Infrastructure	120,906,954	121,024,890
Buildings	25,082,100	25,058,747
Machinery and equipment	5,699,625	5,852,218
Office equipment	544,378	688,354
Furniture and fixtures	116,974	131,636
Software	1,327,400	1,290,448
Vehicles	7,073,723	7,068,203
Total	169,201,236	169,488,975
Accumulated Depreciation	(127,621,709)	(125,751,387)
Net Capital Assets	$ 41,579,527	$ 43,737,588

Major capital asset expenditures during the current fiscal year for governmental activities included the following:

- Purchase of land for Fire Station 1
- Senior center improvements.
- New software for the Tax Commissioner's office
- Purchase of twenty new vehicles.
- Purchase of various machinery and equipment.

Additional information on Murray County's capital assets can be found in Note 8 on pages 41-42 of this report.

Debt. On December 31, 2017, Murray County had a total long-term debt balance outstanding for governmental activities in the amount of $3,163,881, as compared to $2,578,704 the previous fiscal year. Murray County's outstanding debt for governmental activities increased by $585,177 during the course of the fiscal year due mostly to the increase in the net pension liability.

Additional information on the County's long-term debt can be found in Note 11 on page 44 of this report.

Economic Condition and Outlook

Murray County continues to fair well while still recovering from the weakened economy that we've experienced over the past few years. Several factors were considered during preparation of the budget for fiscal year 2018, including the following:

- Possible increases or decreases in revenues, particularly property and sales taxes
- Fluctuations in the price of fuel due to market instability.
- Plans for future capital improvements
- Unforeseen natural disasters, such as tornados, storms, etc.
- Capital outlay requirements for vehicles, equipment and program expansions to improve public services to the community

Contacting the County

This financial report is designed to provide County citizens, taxpayers, customers, and creditors with a general overview of Murray County's finances and to demonstrate the County's high level of accountability for the revenue it receives and the services it provides. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Murray County Finance Department
P.O. Box 1129
Chatsworth, Georgia 30705
Telephone: 706-517-1400, Ext. 1367

BASIC FINANCIAL STATEMENTS

MURRAY COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2017

	Primary Government	Component Units	
	Governmental Activities	Murray County Health Department	Murray County Recreation Commission
ASSETS			
Current assets			
Cash and cash equivalents	$ 5,760,170	$ 468,593	$ 4,973
Restricted cash and cash equivalents	122,383	0	0
Receivables (net)			
Accounts	563,913	50,924	0
Intergovernmental	194,647	951	0
Taxes	2,196,828	0	0
Inventories	0	1,900	0
Prepaid items	141,606	0	0
Total current assets	8,979,547	522,368	4,973
Noncurrent assets			
Capital assets			
Non-depreciable	3,067,465	0	0
Depreciable (net)	38,512,062	1,580	0
Total noncurrent assets	41,579,527	1,580	0
Total assets	50,559,074	523,948	4,973
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	443,544	102,246	0
Pension proportionate share differences	0	30,300	0
Pension experience differences	389,874	0	0
Pension investment return differences	463,817	81,286	0
Pension assumption changes	432,989	6,772	0
Total deferred outflows of resources	1,730,224	220,604	0
LIABILITIES			
Current liabilities			
Accounts payable	539,270	251	0
Claims payable	584,015	0	0
Accrued liabilities	175,775	0	0
Funds held in escrow	122,383	0	0
Compensated absences	255,881	16,760	0
Capital lease payable	9,447	0	0
Total current liabilities	1,686,771	17,011	0

MURRAY COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2017

	Primary Government	Component Units	
	Governmental Activities	Murray County Health Department	Murray County Recreation Commission
Noncurrent liabilities			
Compensated absences	$ 85,293	$ 16,759	$ 0
Net pension liability	1,814,681	799,488	0
Capital lease payable	20,033	0	0
Landfill closure and post-closure care costs	978,546	0	0
Total noncurrent liabilities	2,898,553	816,247	0
Total liabilities	4,585,324	833,258	0
DEFERRED INFLOWS OF RESOURCES			
Pension proportionate share differences	0	16,080	0
Pension experience differences	0	1,846	0
Total deferred inflows of resources	0	17,926	0
NET POSITION			
Net investment in capital assets	41,475,253	1,580	0
Restricted for:			
Law library operations	54,544	0	0
Public safety activities	94,922	0	0
Prior year program income	0	30,775	0
Capital outlay	2,288,562	0	0
Unrestricted	3,790,693	(138,987)	4,973
Total net position	$ 47,703,974	$ (106,632)	$ 4,973

See accompanying notes to the financial statements.

Exhibit A-1, continued

MURRAY COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended December 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 7,228,744	$ 22,479	$ 0	$ 0	$ (7,206,265)
Judicial	1,655,630	290,155	0	0	(1,365,475)
Public Safety	7,773,273	1,948,939	31,054	0	(5,793,280)
Public Works	5,044,794	169,398	0	1,018,718	(3,856,678)
Health and Welfare	1,655,758	147,139	14,732	0	(1,493,887)
Culture and Recreation	806,645	154,116	2,640	0	(649,889)
Housing and Development	463,212	0	0	0	(463,212)
Interest on long-term debt	1,531	0	0	0	(1,531)
Total primary government	24,629,587	2,732,226	48,426	1,018,718	(20,830,217)
Component Units					
Murray County Health Department					
Health and Welfare	843,492	256,305	519,055	0	(68,132)
Murray County Recreation Commission					
Culture and Recreation	4,885	0	7,000	0	2,115
Total component units	848,377	256,305	526,055	0	(66,017)

	Primary Government: Governmental Activities	Component Units: Murray County Health Department	Component Units: Murray County Recreation Commission
Change in net position			
Net (expense) revenue	$ (20,830,217)	$ (68,132)	$ 2,115
General revenues			
Taxes			
Property	8,674,915	0	0
Sales	8,276,188	0	0
Franchise	277,118	0	0
Insurance premium	2,058,635	0	0
Other	484,936	0	0
Interest and investment earnings	5	0	0
Gain on sale of capital assets	98,435	0	0
Other	103,825	132,092	0
Total general revenues	19,974,057	132,092	0
Change in net position	(856,160)	63,960	2,115
Net position - beginning	48,560,134	(170,592)	2,858
Net position - ending	$ 47,703,974	$ (106,632)	$ 4,973

See accompanying notes to the financial statements.

MURRAY COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General	2013 SPLOST	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	$ 3,460,911	$ 2,151,249	$ 148,010	$ 5,760,170
Restricted cash and cash equivalents	122,383	0	0	122,383
Receivables (net)				
Accounts	450,848	0	113,065	563,913
Intergovernmental	167,473	0	27,174	194,647
Taxes	1,800,088	388,032	8,708	2,196,828
Due from other funds	26,157	0	0	26,157
Prepaid items	141,606	0	0	141,606
Total assets	$ 6,169,466	$ 2,539,281	$ 296,957	$ 9,005,704
LIABILITIES				
Accounts payable	$ 274,466	$ 250,719	$ 14,085	$ 539,270
Claims payable	584,015	0	0	584,015
Accrued liabilities	175,775	0	0	175,775
Due to other funds	0	0	26,157	26,157
Funds held in escrow	122,383	0	0	122,383
Total liabilities	1,156,639	250,719	40,242	1,447,600
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	850,944	0	0	850,944
FUND BALANCES				
Nonspendable:				
Prepaid items	141,606	0	0	141,606
Restricted for:				
Law library operations	0	0	54,544	54,544
Public safety activities	0	0	94,922	94,922
Capital outlay	0	2,288,562	0	2,288,562
Assigned to:				
Emergency 911 system operations	0	0	107,249	107,249
Unassigned	4,020,277	0	0	4,020,277
Total fund balances	4,161,883	2,288,562	256,715	6,707,160
Total liabilities, deferred inflows of resouces, and fund balances	$ 6,169,466	$ 2,539,281	$ 296,957	$ 9,005,704

MURRAY COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
December 31, 2017

Total fund balance - total governmental funds			$ 6,707,160
Amounts reported for governmental activities in the statement of net position are different because:			
Some assets are not financial resources and therefore are not reported in the funds. These are:			
Capital assets, net of accumulated depreciation			41,579,527
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			850,944
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds. These are:			
Deferred outflows of resources:			
Pension contributions subsequent to measurement date	$	443,544	
Pension experience differences		389,874	
Pension investment return differences		463,817	
Pension assumption changes		432,989	1,730,224
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These are:			
Compensated absences	$	(341,174)	
Net pension liability		(1,814,681)	
Capital lease payable		(29,480)	
Landfill closure and post-closure care costs		(978,546)	(3,163,881)
Net position of governmental activities			$ 47,703,974

MURRAY COUNTY, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended December 31, 2017

	General	2013 SPLOST	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	$ 14,435,412	$ 4,495,080	$ 100,563	$ 19,031,055
Licenses and permits	108,490	0	0	108,490
Fines, fees and forfeitures	576,868	0	143,061	719,929
Charges for services	844,996	0	570,396	1,415,392
Intergovernmental	1,501,219	0	45,786	1,547,005
Interest	0	5,914	5	5,919
Contributions	2,640	0	0	2,640
Other	103,825	0	0	103,825
Total revenues	17,573,450	4,500,994	859,811	22,934,255
EXPENDITURES				
Current				
General Government	6,975,671	0	0	6,975,671
Judicial	1,517,596	0	1,490	1,519,086
Public Safety	5,434,597	0	926,125	6,360,722
Public Works	1,614,656	0	1,700	1,616,356
Health and Welfare	709,160	0	0	709,160
Culture and Recreation	532,850	0	0	532,850
Housing and Development	345,346	0	93,196	438,542
Capital outlay	0	2,181,667	0	2,181,667
Debt service	0	0	10,617	10,617
Intergovernmental	0	1,773,488	0	1,773,488
Total expenditures	17,129,876	3,955,155	1,033,128	22,118,159
Excess (deficiency) of revenues over (under) expenditures	443,574	545,839	(173,317)	816,096
Other financing sources (uses)				
Transfers in	13,833	0	271,287	285,120
Transfers out	(271,287)	0	(13,833)	(285,120)
Sale of capital assets	105,315	0	0	105,315
Total other financing sources (uses)	(152,139)	0	257,454	105,315
Net change in fund balance	291,435	545,839	84,137	921,411
Fund balances, January 1	3,870,448	1,742,723	172,578	5,785,749
Fund balances, December 31	$ 4,161,883	$ 2,288,562	$ 256,715	$ 6,707,160

See accompanying notes to the financial statements.

MURRAY 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, 2017

Net change in fund balances - total governmental funds			$ 921,411
Amounts reported for governmental activities in the statement of activities are different because:			
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.			
Capital outlays	$	1,221,215	
Depreciation		(3,370,802)	(2,149,587)
In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.			
Cost of assets disposed	$	(1,508,954)	
Related accumulated depreciation		1,500,480	(8,474)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.			
Pension contributions	$	443,544	
Cost of benefits earned net of employee contributions		(791,356)	(347,812)
The proceeds of debt issuance, net of premiums, discounts and issuance costs provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.			
Debt principal payments			9,086
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenue.			740,738
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.			
Compensated absences	$	16,409	
Landfill closure and post-closure care costs		(37,931)	(21,522)
Change in net position of governmental activities			$ (856,160)

MURRAY COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the year ended December 31, 2017

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 12,989,112	$ 14,430,000	$ 14,435,412	$ 5,412
Licenses and permits	152,400	108,000	108,490	490
Fines and forfeitures	534,400	575,000	576,868	1,868
Charges for services	845,500	840,000	844,996	4,996
Intergovernmental	1,277,043	1,500,000	1,501,219	1,219
Contributions	5,000	2,500	2,640	140
Other	118,740	100,000	103,825	3,825
Total revenues	15,922,195	17,555,500	17,573,450	17,950
EXPENDITURES				
Current				
General Government				
County Commissioner	265,650	270,600	270,508	92
Board of Elections	113,912	116,500	116,483	17
General Administration	3,393,955	4,072,600	4,072,573	27
Tax Commissioner	359,135	359,135	334,062	25,073
Tax Assessor	358,225	358,225	326,115	32,110
Board of Equalization	18,800	22,000	21,943	57
Risk Management	949,751	1,036,700	1,036,669	31
General Government Buildings	883,700	883,700	797,318	86,382
Judicial				
Superior Court	208,790	232,800	232,724	76
Clerk of Superior Court	320,010	320,010	311,600	8,410
District Attorney	346,918	346,918	332,727	14,191
Magistrate Court	261,800	261,800	260,387	1,413
Probate Court	223,400	223,400	205,006	18,394
Juvenile Court	177,927	177,927	175,152	2,775
Public Safety				
Sheriff	1,913,500	1,913,500	1,781,684	131,816
Jail Operations	2,228,927	2,236,600	2,236,575	25
Fire Department	1,198,000	1,217,100	1,217,017	83
Coroner	33,081	33,081	32,421	660
Animal Control	173,100	173,100	151,404	21,696
Emergency Management Agency	21,700	21,700	15,496	6,204
Public Works				
Administration	1,457,494	1,457,494	1,379,701	77,793
Solid Waste and Recycling Administration	245,100	245,100	234,955	10,145
Health and Welfare				
Senior Citizen's Center	165,825	170,300	170,243	57
Transportation Services	283,325	539,000	538,917	83
Culture and Recreation				
Recreation	581,050	581,050	532,850	48,200
Housing and Development				
Agricultural Resources	76,631	77,200	77,103	97
Forest Resources	6,900	6,900	6,867	33
Code Enforcement	53,940	53,940	50,751	3,189
Building Inspections	85,250	85,250	78,346	6,904
Land and Use Development	124,375	124,375	123,585	790
Community and Economic Development	6,800	8,700	8,694	6
Total expenditures	16,536,971	17,626,705	17,129,876	496,829

MURRAY COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the year ended December 31, 2017

	Budget			Variance with
	Original	Final	Actual	Final Budget
Excess (deficiency) of revenues over expenditures	$ (614,776)	$ (71,205)	$ 443,574	$ 514,779
Other financing sources (uses)				
Transfers in	594,776	237,492	13,833	(223,659)
Transfers out	0	(271,287)	(271,287)	0
Sale of capital assets	20,000	105,000	105,315	315
Total other financing sources (uses)	614,776	71,205	(152,139)	(223,344)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	291,435	291,435
Fund balances, January 1	0	0	3,870,448	3,870,448
Fund balances, December 31	$ 0	$ 0	$ 4,161,883	$ 4,161,883

MURRAY COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2017

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 1,569,053
LIABILITIES	
Due to others	$ 1,569,053

1. Description of Government Unit

Murray County, Georgia (the County) is a political subdivision of the State of Georgia and was created by a legislative act in 1832. The County operates under a Commission-Administrator form of government and is governed by an elected sole county commissioner, governed by state statutes and regulations. There are certain elected officials whose operations are wholly included within the financial records and financial statements of the County. These elected officials include the Sheriff, Tax Commissioner, Probate Court Judge, Magistrate Court Judge, Juvenile Court Judge, Superior Court Judge and Clerk of the Superior Court. The County's major services include general government, courts, public safety, public works, health and welfare, parks, recreation and culture and planning and community development.

2. Summary of Significant Accounting Policies

A. Description of Government-wide 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 primary government and its component units. All fiduciary activities are reported only in the fund financial statements. The primary government includes governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Murray County (the primary government) and material component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, the financial statements of component units have been included either as blended or discretely presented component units.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Discretely Presented Component Units – Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize they are legally separate from the government.

Murray County Health Department – The Health Department works to promote and preserve the health of the citizens of the County. The Health Department's Board consists of seven members, four of these members are appointed by the County Commissioner. Although the County does not have the authority to approve or modify the Health Department's budgets, it does have the ability to control the amount of funding it provides to the Health Department and such funding is significant to the overall operations of the Health Department. The Health Department is reported on a June 30, 2017 fiscal year. Complete financial statements for the Health Department may be obtained from its administrative office at Northwest Health District 1 Unit 1, 111 Bryant Crossing, Suite AA, Dalton, Georgia 30720.

Murray County Recreation Commission – The Recreation Commission manages and maintains park and recreation facilities for the benefit of Murray County citizens. The County Commissioner appoints all of the Commission's board members and the County has a significant financial relationship with the Recreation Commission. Financial information related to the Recreation Commission may be obtained from the Parks and Recreation clerk of Murray County.

2. Summary of Significant Accounting Policies (continued)

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has two discretely presented component units that are shown in separate columns in the government-wide financial statements.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

General Fund - The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

2013 Special Purpose Local Option Sales Tax Capital Projects Fund – This fund is used to account for the proceeds of a 1 percent special purpose local option sales tax beginning January 1, 2013 for funding various capital outlay projects including road and bridges projects, hospital equipment and debt reduction, public safety equipment and vehicles, recreation department equipment and expansion, public works equipment and vehicles, general facility equipment and enhancements, fire station construction and expansion, communications, and economic development projects.

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Additionally, the County reports the following fund types:

Governmental Fund Types

Special Revenue Funds – accounts for the proceeds of specific revenue sources that are legally or donor restricted to be expended for specified purposes.

Capital Projects Funds – accounts for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Fiduciary Fund Types

Agency Funds - Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the County or for others.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Revenues and Expenditures/Expenses

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Summary of Significant Accounting Policies (continued)

G. Budgetary Information

The applicable statues of the State of Georgia require the County to operate under an annual balanced budget adopted by resolution. The County adopts an annual operating budget for all governmental funds except the capital projects funds, which have an adopted project budget. The budget resolution reflects the total of each department's appropriation in each fund.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or changes between department appropriations within a fund requires approval of the County Commissioner.

The budget is adopted on a basis consistent with generally accepted accounting principles, and on the same basis of accounting used by each fund to which the budget applies. The County Commissioner must also approve budget transfers within departments.

The original 2017 budget was amended during the year. All unencumbered annual appropriations lapse at year-end. Encumbered appropriations are carried forward to the subsequent year automatically.

H. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposits and deposits with the Georgia Fund I (i.e., the local government investment pool) as well as short-term investments with a maturity date within three months of the date acquired by the County.

Currently, the County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are stated at fair value based on quoted market prices.

2. Summary of Significant Accounting Policies (continued)

H. Cash, Cash Equivalents, and Investments, continued

Georgia law authorizes the County to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or United States Government Agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

I. Intergovernmental Receivables

Receivables from state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

J. Inventories

Certain governmental fund-types had a de minimis amount of expendable supplies on hand at year end. Accordingly, none are shown on the balance sheets at year-end. The County uses the purchase method of accounting for the purchase of materials and supplies or services. These items are charged directly to the expenditure account.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017 are recorded as prepaid items. The costs of governmental fund-type prepaid items are recorded as expenditures when consumed rather than when purchased.

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the government funds balance sheet.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition value. The County maintains a capitalization threshold of $5,000 and an estimated useful life of two years or more (excluding infrastructure). All infrastructure is capitalized with a cost of $50,000 and an estimated life of two years or more. The County's infrastructure consists of roads and bridges. The County's entire infrastructure has been reported regardless of acquisition date. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

	Useful Life in Years
Land improvements	25-50
Site improvements	50
Infrastructure	15-30
Buildings	25-50
Machinery and equipment	6-15
Office equipment	5
Furniture and fixtures	20
Intangibles - software	5
Vehicles	6-15

2. Summary of Significant Accounting Policies (continued)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows of resources related to their defined benefit pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County reports deferred inflows of resources related to their defined benefit pension plan.

N. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only "*when due*."

2. Summary of Significant Accounting Policies (continued)

O. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

P. Fund Balance Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Q. Restricted Assets and Restricted Net Position

Restricted assets represent certain resources restricted by funding source or required to be set aside for the repayment of debt. They are maintained in a separate bank account and their use is limited.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of restricted net position.

2. Summary of Significant Accounting Policies (continued)

R. Fund Balances – Governmental Funds

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

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

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at December 31, 2017 by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the County Commissioner, the County's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution, which shall refer to the original resolution by its number.

Assigned – includes amounts that are intended to be used by the County for a specific purpose, but do not meet the definition of restricted or committed fund balance. Intent can only be expressed by the County Commissioner or their designee. Assigned Fund Balance differs from Committed Fund Balance in that assignments do not require a resolution.

2. Summary of Significant Accounting Policies (continued)

R. Fund Balances – Governmental Funds, continued

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In addition, any remaining deficits in the County's governmental funds which remain after all other fund balances have been exhausted are classified as unassigned.

S. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

T. Pensions

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

2. Summary of Significant Accounting Policies (continued)

U. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities under governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Prepaid bond insurance is amortized over the term of the debt. Issuance costs are recognized during the current period.

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as any other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

V. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as program revenue.

W. Management Estimates

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

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned. The County has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, prime bankers' acceptances, repurchase agreements, direct and agency obligations of the United States, obligations of any corporation of the United States government, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The County has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The County has no formal policy on the amount the County may invest in any one issuer.

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

4. Accounts Receivable

Net accounts receivable at December 31, 2017 consist of the following:

Primary Government:		
Major Funds		
General Fund		$ 450,848
Nonmajor Funds		
Special Revenue Funds		
E-911		113,065
Total primary government		$ 563,913
Component Units		
Murray County Health Department		$ 50,924

5. Intergovernmental Receivables

Intergovernmental receivables at December 31, 2017 consist of the following:

Primary Government:		
Major Funds		
General Fund		
Federal Bureau of Investigation	$ 566	
Georgia Department of Transportation	74,228	
Murray County Board of Education	83,544	
City of Chatsworth, Georgia	7,829	
City of Eton, Georgia	1,306	$ 167,473
Nonmajor Funds		
Multi-Grant Special Revenue Fund		
Criminal Justice Coordinating Council	$ 14,732	
Georgia Emergency Management Agency	9,826	
Other	1,160	25,718
Substance Abuse Special Revenue Fund		
City of Chatsworth, Georgia	$ 661	
City of Eton, Georgia	795	1,456
Total		$ 194,647
Component Units		
Murray County Health Department		
Murray County, Georgia		$ 951

6. Property Taxes

The County Commissioner levied property taxes on September 22, 2017. Property taxes attach as an enforceable lien on property as of January 1. Property taxes were billed on September 29, 2017 and are due upon receipt. However, the actual due date was December 1, 2017. The County bills and collects its own property taxes and also collects property taxes for the County Board of Education and the State of Georgia. The County also collects vehicle and mobile home taxes for the cities located in the County and the State of Georgia. Collection of the County's taxes and for the other governmental agencies is the responsibility of the Tax Commissioner's Office, which is accounted for in an agency fund.

7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of December 31, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 26,157

The balances reported as Due to/Due from resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made.

A summary of interfund transfers as of December 31, 2017 is as follows:

Transfer Out Fund	Transfer In Fund	Amount
General	Nonmajor Governmental	$ 271,287
Nonmajor Governmental	General	13,833
		$ 285,120

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) move capital assets between governmental activities and business-type activities.

8. Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	$ 2,974,625	$ 92,840	$ 0	$ 3,067,465
Total non-depreciable assets	2,974,625	92,840	0	3,067,465
Depreciable assets				
Land improvements	5,399,854	0	(17,237)	5,382,617
Infrastructure	121,024,890	0	(117,936)	120,906,954
Buildings	25,058,747	23,353	0	25,082,100
Machinery and equipment	5,852,218	376,533	(529,126)	5,699,625
Office equipment	688,354	0	(143,976)	544,378
Furniture and fixtures	131,636	0	(14,662)	116,974
Software	1,290,448	36,952	0	1,327,400
Vehicles	7,068,203	691,537	(686,017)	7,073,723
Total depreciable assets	166,514,350	1,128,375	(1,508,954)	166,133,771
Less accumulated depreciation				
Land improvements	(1,874,243)	(216,374)	17,236	(2,073,381)
Infrastructure	(106,538,924)	(1,597,614)	117,937	(108,018,601)
Buildings	(6,369,847)	(573,661)	0	(6,943,508)
Machinery and equipment	(4,473,391)	(262,882)	522,246	(4,214,027)
Office equipment	(385,782)	(76,313)	143,976	(318,119)
Furniture and fixtures	(58,377)	(6,130)	13,068	(51,439)
Software	(342,328)	(239,795)	0	(582,123)
Vehicles	(5,708,495)	(398,033)	686,017	(5,420,511)
Total accumulated depreciation	(125,751,387)	(3,370,802)	1,500,480	(127,621,709)
Total depreciable assets, net	40,762,963	(2,242,427)	(8,474)	38,512,062
Governmental activities capital assets, net	$ 43,737,588	$ (2,149,587)	$ (8,474)	$ 41,579,527

8. Capital Assets (continued)

Capital asset activity for the discretely presented component units for the respective year ends was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Murray County Health Department				
Depreciable assets				
Office equipment	$ 25,380	$ 0	$ 0	$ 25,380
Computer equipment	18,957	0	0	18,957
Leasehold improvements	23,982	0	0	23,982
Total depreciable assets	68,319	0	0	68,319
Less accumulated depreciation				
Office equipment	(25,380)	0	0	(25,380)
Computer equipment	(16,403)	(2,554)	0	(18,957)
Leasehold improvements	(21,247)	(1,155)	0	(22,402)
Total accumulated depreciation	(63,030)	(3,709)	0	(66,739)
Total depreciable assets, net	5,289	(3,709)	0	1,580
Murray County Health Department capital assets, net	$ 5,289	$ (3,709)	$ 0	$ 1,580

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 450,848
Judicial	26,445
Public Safety	926,031
Public Works	1,726,343
Health and Welfare	17,092
Culture and Recreation	222,541
Housing and Development	1,502
Total depreciation expense for governmental activities	$ 3,370,802
Component units	
Murray County Health Department	$ 3,709

9. Short-Term Tax Anticipation Notes

On July 5, 2017, the County entered into a $3,000,000 tax anticipation line of credit for cash flow purposes. The line of credit bore interest at a rate of 1.25% and was paid on December 27, 2017 from 2017 property tax revenues collected between September and December. Principal and interest amounts repaid were $2,612,326. The borrowings were allocated to the General Fund.

Short-term debt activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes	$ 0	$ 2,600,000	$ 2,600,000	$ 0

10. Capital Lease Agreements

The County has entered into a lease agreement to finance the acquisition of certain public safety equipment. The terms of the agreement meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The lease bears interest at 3.97% and requires annual payments through 2020. The principal balance of the lease at December 31, 2017 is $29,480 for governmental activities. As of December 31, 2017, the County had $47,305 of equipment (reported as machinery and equipment), with associated accumulated depreciation of $18,922 financed under the capital lease. Depreciation expense for 2017 on the leased assets totaled $9,461. The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of December 31, 2017:

Year Ending December 31,	Governmental Activities
2018	$ 10,617
2019	10,617
2020	10,617
	31,851
Less amounts representing interest	(2,371)
Present value of minimum lease payments	$ 29,480

11. Long-Term Debt

Changes in Long - Term Debt

The following is a summary of changes in long-term debt of the County and discretely presented component units for the respective year ends:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	$ 357,583	$ 251,778	$ 268,187	$ 341,174	$ 255,881
Net pension liability	1,241,940	572,741	0	1,814,681	0
Capital leases payable	38,566	0	9,086	29,480	9,447
Landfill closure and post-closure care costs	940,615	37,931	0	978,546	0
Totals	$ 2,578,704	$ 862,450	$ 277,273	$ 3,163,881	$ 265,328

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Murray County Health Department					
Compensated absences	$ 30,697	$ 18,171	$ 15,349	$ 33,519	$ 16,760
Net pension liability	635,097	164,391	0	799,488	0
Totals	$ 665,794	$ 182,562	$ 15,349	$ 833,007	$ 16,760

The total interest incurred and charged to expense for the year ended December 31, 2017 was $1,531 for governmental activities.

12. Landfill Post-Closure Care Costs

State and Federal laws and regulations require that the County place a final cover on its landfill when officially closed as well as perform certain maintenance and monitoring functions at the landfill site for a period of thirty years after such closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post closure care costs is based on the amount of the landfill capacity used during the year.

12. Landfill Post-Closure Care Costs (continued)

The County owns two landfill sites. Site 1 was operated by the County until 1997 when it reached capacity and stopped accepting waste. Site 2, leased and operated by Santek, is operated on a cell basis; that is, only a portion or cell of the landfill is used at a time. The term of the lease agreement shall be the operational life of the landfill as determined by remaining capacity from time to time, which is based on current waste density and tonnage currently estimated to end in 2445.

The County has met all of its closure obligations for Site 1; therefore, there is no further liability for closure costs. Closure certificates were obtained in late 2003 and early 2004. The post-closure period for this location is estimated to end in 2033. Under the existing lease agreement, Santek shall be responsible for post-closure care during the term of the agreement.

Under the existing lease contract, Santek is also responsible for the construction, maintenance, and closure costs of each cell of Site 2 it operates. Santek shall also be responsible for the post-closure care of those sites while the lease agreement remains in effect. Following the termination of this lease, the County immediately assumes full responsibility for the post-closure costs for the balance of the 30-year period. Based on the use of 15% of the estimated capacity of the landfill, the County has recognized a liability for post-closure costs accrued to date of $978,546 and has not recognized related closure costs of $1,354,583 to be provided by Santek under the lease agreement.

The remaining estimated costs of closure and post-closure in the amount of $12,848,597 will be recognized as the remaining capacity is used, with the County responsible for $5,389,675 of such post closure costs, and Santek responsible for the remaining $7,458,922 of closure costs. These amounts are based on what it would cost to perform all closure and post closure care in 2017. Any changes to the lease term as well as additional bonds or letters of credit provided by Santek could change these assumptions. Actual costs may also vary due to inflation or deflation, changes in technology or changes in laws and regulations.

13. Net Investment in Capital Assets

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows for the year ended December 31, 2017:

	Governmental Activities
Cost of capital assets	$ 169,201,236
Accumulated depreciation	(127,621,709)
Book value	41,579,527
Capital-related accounts payable	(74,794)
Capital leases payable	(29,480)
Net investment in capital assets	$ 41,475,253

14. Retirement Plans

Defined Benefit Pension Plan

Plan Description. The Murray County Defined Benefit Pension Plan and Trust, (the "Plan"), is affiliated with the Association of County Commissioners of Georgia Defined Benefit Plan (ACCG), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The authority for the Plan, benefits, vesting and contributions are established by the Board of Commissioners. The Plan is administered by the Government Employee Benefits Corporation of Georgia (GEB Corp). GEB Corp issues a publicly available financial report that includes financial statements and required supplementary information for ACCG. The Plan is a defined benefit pension plan that provides retirement, disability and death benefits to Plan members and beneficiaries. All full-time employees, defined as those providing at least 1,000 hours of service to the County per Plan year, are eligible for participation in the Plan. Any eligible employee who has both completed one year of service and has attained the age of 21 may participate in the Plan.

Employees become vested after five years of service to the County. All full-time eligible employees hired prior to November 1, 2013 were participants in the ACCG Plan (Plan) upon employment.

14. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Current membership is as follows:

Retirees, beneficiaries, and disablees currently receiving benefits	73
Terminated participants entitled to but not yet receiving benefits	111
Active employees participating in the plan	140
Total number of participants	324

Benefits Provided. The County sponsors the Plan. The Plan provides retirement, disability, and death benefits to plan participants. The plan assets shall be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan. All full time employees and employees receiving county supplements participate in the plan. Benefits vest after 5 years. Participants may retire at normal retirement, which is the later of age 65, or 5 years of vesting service. Early retirement eligibility is the later of age 55 or 10 years of vesting service. The benefit is as follows:

- 1.25% of average annual compensation times past service (i.e., service prior to January 1, 2006) less the accumulated benefit amount of other Murray County retirement benefits,
- 2.5% of average annual compensation times future service (i.e., service after December 31, 2005),
- 25% of average annual compensation times “buy-back” units at buy back age.

Compensation is defined as the highest five years of base wages during employment with the County.

14. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Contributions. County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report. The County's actuarially determined contribution rate for the fiscal year ended December 31, 2017 was $400,299, or 8.53% of covered payroll. The County's covered payroll for employees participating in the Plan as of January 1, 2016, (the most recent actuarial valuation date) was $4,835,780 (based on covered earnings for the preceding year). The County Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains the authority to change the policy. The administrative expenses set by contract between the ACCG and GEBCorp are in addition to the state-required annual funding requirement.

The Georgia Constitution enables the governing authority of the County, the County Commissioner, to establish, and amend from time-to-time contribution rates for the County and its Plan participants.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2017, the County reported a net pension liability of $1,814,681. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. For the fiscal year ended December 31, 2017, the County recognized pension expense of $791,356. The net pension liability is liquidated by the General Fund.

14. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

The components of the net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2015	$ 10,335,357	$ 9,093,417	$ 1,241,940
Changes for the year:			
Service cost	161,935	0	161,935
Interest	757,496	0	757,496
Liability experience (gain) / loss	226,897	0	226,897
Assumption change	331,428	0	331,428
Employer contributions	0	400,299	(400,299)
Net investment income	0	645,752	(645,752)
Benefit payments	(470,828)	(470,828)	0
Administrative expense	0	(29,893)	29,893
Other changes	0	(111,143)	111,143
Net changes	1,006,928	434,187	572,741
Balances at December 31, 2016	$ 11,342,285	$ 9,527,604	$ 1,814,681

Plan fiduciary net position as a percentage of the total pension liability	84.00%
Covered payroll	$ 4,835,780
Net pension liability as a percentage of covered payroll	37.53%

At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
County contributions subsequent to measurement date	$ 443,544	$ 0
Differences between expected and actual experience	389,874	0
Net difference between projected and actual earnings on pension plan investments	463,817	0
Changes of assumptions	432,989	0
Totals	$ 1,730,224	$ 0

14. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

The $443,544 of deferred outflows of resources resulting from the County's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31	
2018	$ 437,974
2019	437,974
2020	347,713
2021	63,019
Totals	$ 1,286,680

Actuarial Assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Future salary increases	3.00% per year with an age based scale
Cost of living adjustments	N/A
Net investment rate of return	7.25%

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table. Disabled rates were derived from a 1977 Social Security Administration study.

14. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2016 are summarized in the following table:

Benchmark	Asset Allocation	Average 20 Year Return	Weighted 20 Year Return	Average 30 Year Return	Weighted 30 Year Return
S&P 500	30%	7.91%	2.37%	10.22%	3.07%
Barlay's Agg.	30%	5.60%	1.68%	6.56%	1.97%
MSCI EAFE	15%	4.29%	0.64%	5.73%	0.86%
Citi Non US WEBI	5%	4.66%	0.23%	5.98%	0.30%
NAREIT Equity	5%	10.79%	0.54%	10.44%	0.52%
Russell 2000	5%	8.06%	0.40%	9.33%	0.47%
Russell 3000	5%	8.03%	0.40%	10.14%	0.51%
S&P Mid Cap	5%	11.22%	0.56%	11.53%	0.58%
Weighted Return			6.82%		8.28%

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The discount rate is determined through a blend of using a building blocks approach based on 20-year benchmarks (33.33%) and 30-year benchmarks (33.33%), as well as the forward-looking capital market assumptions for a moderate asset allocation (33.34%), as determined by UBS. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

14. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25 percent) or one percentage-point higher (8.25 percent) than the current rate:

	Discount Rate	Net Pension Liability
1% decrease	6.25%	$ 3,305,599
Current discount rate	7.25%	1,814,681
1% increase	8.25%	574,452

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Association County Commissioners of Georgia GEBCorp financial report.

Other Plans

In addition to the plan above, various County employees are covered under the following plans: Georgia Firefighters' Pension Fund, Georgia State Employees' Retirement System (ERS), Magistrates' Retirement Fund of Georgia, Peace Officers' Annuity and Benefit Fund of Georgia, Probate Judges' Retirement Fund of Georgia, Sheriffs' Retirement Fund of Georgia, and Superior Court Clerks' Retirement Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual reports. These plans are immaterial to the financial statements.

14. Retirement Plans (continued)

Murray County Health Department Retirement Plan

Eligible employees of the Murray County Health Department participate in the Georgia State Employees' Retirement System (ERS), a statewide multiple-employer public employee retirement system. During the fiscal year ended June 30, 2017, the Department contributed $102,246. As of June 30, 2017, the Department reported a liability in the amount of $799,488 for its proportionate share (0.016901%) of the net pension liability. The Department recognized pension benefit of $30,827 for the fiscal year ended June 30, 2017. Further information regarding the plan can be obtained from Department's annual audit report by contacting Murray County Health Department, 709 Old Dalton Ellijay Road, Chatsworth, Georgia 30705.

15. Tax Abatements

Murray County is subject to tax incentives granted by the Development Authority of Murray County. These incentives are negotiated on an individual basis as a reduction of property taxes and have the stated purpose of increasing business activity and employment in the County by allowing localities to abate property taxes for a variety of economic development purposes, including business relocation, retention, and expansion. The incentives may be granted to any business located within or promising to relocate to a local government's geographic area. The County has not made any commitments as part of the agreements other than to reduce taxes. For the year ended December 31, 2017, Murray County abated property taxes totaling $1,297,592 under this program, including the following tax abatement agreements:

- 50 to 100% property tax abatements for a local manufacturer investing in personal property for its manufacturing facility in Murray County. The abatements amounted to $48,095.
- 80 to 100% property tax abatement for a local manufacturer investing in personal property and expanding its manufacturing facility in Murray County. The abatements amounted to $598,792.
- 45% property tax abatement for a public utility investing in personal property for its facility in Murray County. The abatement amounted to $650,706.

16. Hotel/Motel Lodging Tax

Pursuant to an ordinance approved on June 27, 2005, the County has levies a 5% lodging tax in accordance with OCGA 48-13-51. A summary of the transactions for the year ended December 31, 2017 follows:

Lodging Tax Receipts	$	100,563	
Disbursements for trade and tourism	$	89,862	89% of tax receipts

17. Joint Ventures

The County, in conjunction with cities and counties in the thirteen-county northwest Georgia area are members of the Northwest Georgia Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RC's. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The RC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The County board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a County. The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RC's as "public agencies" and instrumentalities of their members. Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources (O.C.G.A. 50-8-39.1). Separately issued financial statements are available at the RC's administrative office.

18. 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.

18. Risk Management (continued)

The County participated in the Georgia Inter-local Risk Management Agency Property and Liability Insurance and (GIRMA) 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. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

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 maintains a group health insurance plan through American National that carries a specific employee plan deductible of $55,000 per participant with an additional $40,000 aggregating specific. Claims up to that amount are paid by the County through the Murray County Benefits account, a self-insurance fund. The third party administrator reviews and approves all claims on behalf of the County.

19. 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 designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under the terms of the grant. Based on prior experience, the County believes such disallowances, if any, will be immaterial.

The County was a defendant in several lawsuits at December 31, 2017. In the opinion of County management, the outcome of these contingencies will not have a material effect on the financial position of the County.

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REQUIRED SUPPLEMENTARY INFORMATION

MURRAY COUNTY, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN YEARS
December 31, 2017
(Unaudited)

	Year End		
	2017	**2016**	**2015**
Total pension liability			
Service cost	$ 161,935	$ 142,240	$ 132,324
Interest	757,496	677,632	651,480
Liability experience (gain) / loss	226,897	386,181	0
Assumption change	331,428	318,394	0
Benefit payments, including refunds of employee contributions	(470,828)	(448,351)	(421,888)
Net change in total pension liability	1,006,928	1,076,096	361,916
Total pension liability - beginning	10,335,357	9,259,261	8,897,345
Total pension liability - ending (a)	$ 11,342,285	$ 10,335,357	$ 9,259,261
Plan fiduciary net position			
Contributions - employer	$ 400,299	$ 351,187	$ 364,000
Net investment income	645,752	76,815	634,957
Benefit payments, including refunds of employee contributions	(470,828)	(448,351)	(421,888)
Administrative expense	(29,893)	(25,538)	(23,041)
Other changes	(111,143)	(89,036)	(59,147)
Net change in plan fiduciary net position	434,187	(134,923)	494,881
Plan fiduciary net position - beginning	9,093,417	9,228,340	8,733,459
Plan fiduciary net position - ending (b)	$ 9,527,604	$ 9,093,417	$ 9,228,340
Net pension liability (asset) - ending : (a) - (b)	$ 1,814,681	$ 1,241,940	$ 30,921
Plan's fiduciary net position as a percentage of the total pension liability	84.00%	87.98%	99.67%
Covered payroll	$ 4,835,780	$ 4,493,559	$ 4,231,406
Net pension liability as a percentage of covered payroll	37.53%	27.64%	0.73%

Note: 2015 was the first year of implementation. Therefore, only three years are reported.

MURRAY COUNTY, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
December 31, 2017
(Unaudited)

	Year End		
	2017	**2016**	**2015**
Actuarially determined contribution	$ 400,299	$ 351,187	$ 364,000
Contributions in relation to the actuarially determined contribution	(400,299)	(351,187)	(364,000)
Contribution deficiency (excess)	$ 0	$ 0	$ 0
Covered payroll	$ 4,695,341	$ 4,835,780	$ 4,493,559
Contributions as a percentage of covered payroll	8.53%	7.26%	8.10%

Note: 2015 was the first year of implementation. Therefore, only three years are reported.

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry Age Normal

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 15 years

Asset valuation method = Smoothed market value with a 5-year smoothing period.

Net investment rate of return = 7.25%

Future salary increases = 3.00% per year with age based scale

Cost of living adjustments = N/A

Normal retirement age = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table. Disabled rates were derived from a 1977 Social Security Administration study.

3. Changes in Benefits

There have been no substantive changes since the last actuarial valuation.

4. Changes of Assumptions

As of December 31, 2016, the expected long-term rate of return was revised to 7.25%.

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COMBINING STATEMENTS

Nonmajor Governmental Funds

MURRAY COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2017

	Special Revenue						Total Nonmajor Governmental Funds
	Law Library	Confiscated Assets	E-911	Multi-Grant	Substance Abuse	Hotel Motel	
ASSETS							
Cash and cash equivalents	$ 54,544	$ 61,208	$ 0	$ 0	$ 32,258	$ 0	$ 148,010
Receivables							
Accounts	0	0	113,065	0	0	0	113,065
Intergovernmental	0	0	0	25,718	1,456	0	27,174
Taxes	0	0	0	0	0	8,708	8,708
Total assets	$ 54,544	$ 61,208	$ 113,065	$ 25,718	$ 33,714	$ 8,708	$ 296,957
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ 0	$ 0	$ 5,816	$ 114	$ 0	$ 8,155	$ 14,085
Due to other funds	0	0	0	25,604	0	553	26,157
Total liabilities	0	0	5,816	25,718	0	8,708	40,242
Fund balances							
Restricted for:							
Law library operations	54,544	0	0	0	0	0	54,544
Public safety activities	0	61,208	0	0	33,714	0	94,922
Assigned to:							
Emergency 911 system operations	0	0	107,249	0	0	0	107,249
Total fund balances	54,544	61,208	107,249	0	33,714	0	256,715
Total liabilities and fund balances	$ 54,544	$ 61,208	$ 113,065	$ 25,718	$ 33,714	$ 8,708	$ 296,957

MURRAY COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2017

	Special Revenue						Total Nonmajor Governmental Funds
	Law Library	Confiscated Assets	E-911	Multi-Grant	Substance Abuse	Hotel Motel	
REVENUES							
Taxes	$ 0	$ 0	$ 0	$ 0	$ 0	$ 100,563	$ 100,563
Fines and forfeitures	14,375	92,360	0	0	36,326	0	143,061
Charges for services	0	0	570,396	0	0	0	570,396
Intergovernmental	0	0	0	45,786	0	0	45,786
Interest	0	5	0	0	0	0	5
Total revenues	14,375	92,365	570,396	45,786	36,326	100,563	859,811
EXPENDITURES							
Current							
Judicial	1,490	0	0	0	0	0	1,490
Public Safety	0	55,171	805,248	37,620	28,086	0	926,125
Public Works	0	0	0	1,700	0	0	1,700
Housing and Development	0	0	0	0	0	93,196	93,196
Debt service	0	10,617	0	0	0	0	10,617
Total expenditures	1,490	65,788	805,248	39,320	28,086	93,196	1,033,128
Excess (deficiency) of revenues over (under) expenditures	12,885	26,577	(234,852)	6,466	8,240	7,367	(173,317)
Other financing sources (uses)							
Transfers in	0	0	271,287	0	0	0	271,287
Transfers out	0	0	0	(6,466)	0	(7,367)	(13,833)
Total other financing sources (uses)	0	0	271,287	(6,466)	0	(7,367)	257,454
Net change in fund balances	12,885	26,577	36,435	0	8,240	0	84,137
Fund balances, January 1	41,659	34,631	70,814	0	25,474	0	172,578
Fund balances, December 31	$ 54,544	$ 61,208	$ 107,249	$ 0	$ 33,714	$ 0	$ 256,715

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Law Library Fund – This fund is used to account for the fines and forfeitures received that are restricted for providing a County Law Library.

Confiscated Assets Fund – This fund is used to account for confiscated seizures that are restricted for law enforcement.

E-911 Fund – This fund is used to account for receipt of fees imposed on land and wireless telephone lines in the County used to offset the operation and personnel costs of providing emergency services.

Multi-Grant Fund – This fund is used to account for grant monies received from various Federal and State agencies and the expenditure of these monies for the purposes intended.

Substance Abuse Fund – This fund is used to account for the fines and fees received restricted for substance abuse treatment and education programs in the County.

Hotel Motel Fund – This fund is used to account for hotel/motel tax collections that are restricted for tourism in the County.

MURRAY COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2017

	Final Budget	Actual	Variance
REVENUES			
Fines and forfeitures	$ 10,000	$ 14,375	$ 4,375
Total revenues	10,000	14,375	4,375
EXPENDITURES			
Current			
Judicial			
Materials and supplies	10,000	1,490	8,510
Total expenditures	10,000	1,490	8,510
Excess (deficiency) of revenues over (under) expenditures	0	12,885	12,885
Fund balance, January 1	0	41,659	41,659
Fund balance, December 31	$ 0	$ 54,544	$ 54,544

MURRAY COUNTY, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2017

	Final Budget	Actual	Variance
REVENUES			
Fines and forfeitures	$ 66,000	$ 92,360	$ 26,360
Interest	0	5	5
Total revenues	66,000	92,365	26,365
EXPENDITURES			
Current			
Public Safety			
Contract services	66,000	37,891	28,109
Materials and supplies	0	17,280	(17,280)
Debt Service			
Principal	0	9,086	(9,086)
Interest	0	1,531	(1,531)
Total expenditures	66,000	65,788	212
Excess (deficiency) of revenues over (under) expenditures	0	26,577	26,577
Fund balance, January 1	0	34,631	34,631
Fund balance, December 31	$ 0	$ 61,208	$ 61,208

MURRAY COUNTY, GEORGIA
E-911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2017

	Final Budget	Actual	Variance
REVENUES			
Charges for services	$ 1,470,540	$ 570,396	$ (900,144)
Total revenues	1,470,540	570,396	(900,144)
EXPENDITURES			
Current			
Public Safety			
Personal services	691,100	650,035	41,065
Contract services	191,400	149,401	41,999
Materials and supplies	8,040	5,812	2,228
Total expenditures	890,540	805,248	85,292
Excess (deficiency) of revenues over (under) expenditures	580,000	(234,852)	(814,852)
Other financing sources (uses)			
Transfers in (out)			
General Fund	(580,000)	271,287	851,287
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	36,435	36,435
Fund balance, January 1	0	70,814	70,814
Fund balance, December 31	$ 0	$ 107,249	$ 107,249

MURRAY COUNTY, GEORGIA
MULTI-GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2017

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	$ 45,900	$ 45,786	$ (114)
Total revenues	45,900	45,786	(114)
EXPENDITURES			
Current			
Public Safety			
Contract services	6,200	6,180	20
Materials and supplies	31,500	31,440	60
Public Works			
Contract services	1,700	1,700	0
Total expenditures	39,400	39,320	80
Excess (deficiency) of revenues over (under) expenditures	6,500	6,466	(34)
Other financing sources (uses)			
Transfers in (out)			
General Fund	(6,500)	(6,466)	34
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0
Fund balance, January 1	0	0	0
Fund balance, December 31	$ 0	$ 0	$ 0

MURRAY COUNTY, GEORGIA
SUBSTANCE ABUSE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2017

	Final Budget	Actual	Variance
REVENUES			
Fines and forfeitures	$ 29,000	$ 36,326	$ 7,326
Total revenues	29,000	36,326	7,326
EXPENDITURES			
Current			
Public Safety			
Personal services	21,000	25,006	(4,006)
Contract services	0	500	(500)
Materials and supplies	8,000	2,580	5,420
Total expenditures	29,000	28,086	914
Excess (deficiency) of revenues over (under) expenditures	0	8,240	8,240
Fund balance, January 1	0	25,474	25,474
Fund balance, December 31	$ 0	$ 33,714	$ 33,714

MURRAY COUNTY, GEORGIA
HOTEL MOTEL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2017

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ 101,000	$ 100,563	$ (437)
Total revenues	101,000	100,563	(437)
EXPENDITURES			
Current			
Housing and Development			
Contract services	12,000	3,334	8,666
Payments to others	81,500	89,862	(8,362)
Total expenditures	93,500	93,196	304
Excess (deficiency) of revenues over (under) expenditures	7,500	7,367	(133)
Other financing sources (uses)			
Transfers in (out)			
General Fund	(7,500)	(7,367)	133
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0
Fund balance, January 1	0	0	0
Fund balance, December 31	$ 0	$ 0	$ 0

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AGENCY FUNDS

These funds are used to account for assets held by the County as an agent to be expended in accordance with the conditions of its agency capacity.

Clerk of Superior Court, Probate Court, Juvenile Court and Magistrate Court - These funds account for assets and related liabilities for the collection of court related fees.

Sheriff - This fund accounts for deposits held for incarcerated inmates.

Tax Commissioner - This fund accounts for assets and related liabilities for the collection of taxes and tag and title fees.

MURRAY COUNTY, GEORGIA
AGENCY FUNDS
COMBINING BALANCE SHEET
December 31, 2017

	Tax Commissioner	Clerk of Superior Court	Sheriff	Probate Court	Magistrate Court	Juvenile Court	Totals
ASSETS							
Cash and cash equivalents	$ 617,821	$ 845,010	$ 47,625	$ 16,471	$ 42,126	$ 0	$ 1,569,053
LIABILITIES							
Due to others	$ 617,821	$ 845,010	$ 47,625	$ 16,471	$ 42,126	$ 0	$ 1,569,053

MURRAY COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the year ended December 31, 2017

	Balance January 1	Additions	Deletions	Balance December 31
TAX COMMISSIONER				
ASSETS				
Cash and cash equivalents	$ 454,281	$ 24,554,960	$ 24,391,420	$ 617,821
LIABILITIES				
Due to others	$ 454,281	$ 24,554,960	$ 24,391,420	$ 617,821
CLERK OF SUPERIOR COURT				
ASSETS				
Cash and cash equivalents	$ 277,886	$ 2,473,302	$ 1,906,178	$ 845,010
LIABILITIES				
Due to others	$ 277,886	$ 2,473,302	$ 1,906,178	$ 845,010
SHERIFF				
ASSETS				
Cash and cash equivalents	$ 51,373	$ 594,634	$ 598,382	$ 47,625
LIABILITIES				
Due to others	$ 51,373	$ 594,634	$ 598,382	$ 47,625
PROBATE COURT				
ASSETS				
Cash and cash equivalents	$ 85,864	$ 385,798	$ 455,191	$ 16,471
LIABILITIES				
Due to others	$ 85,864	$ 385,798	$ 455,191	$ 16,471
MAGISTRATE COURT				
ASSETS				
Cash and cash equivalents	$ 34,527	$ 292,350	$ 284,751	$ 42,126
LIABILITIES				
Due to others	$ 34,527	$ 292,350	$ 284,751	$ 42,126
JUVENILE COURT				
ASSETS				
Cash and cash equivalents	$ 2,689	$ 5,269	$ 7,958	$ 0
LIABILITIES				
Due to others	$ 2,689	$ 5,269	$ 7,958	$ 0
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 906,620	$ 28,306,313	$ 27,643,880	$ 1,569,053
LIABILITIES				
Due to others	$ 906,620	$ 28,306,313	$ 27,643,880	$ 1,569,053

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OTHER REPORTING SECTION

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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*

Honorable Commissioner
Murray 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 discretely presented component units, each major fund, and the aggregate remaining fund information of Murray County, Georgia, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Murray County, Georgia's basic financial statements and have issued our report thereon dated May 18, 2018.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

2017-001

Condition: While performing audit procedures on disbursements using seized funds at the Sheriff's Department, we noted transactions lacking supporting documentation and evidence of approval.

Criteria: Proper internal controls require adequate supporting documentation with evidence of approval be maintained for all transactions.

Effect: Failure to maintain proper supporting documentation with evidence of approval subjects the assets of the County to greater risk of misappropriation.

Recommendation: Supporting documentation with evidence of approval should be retained at the Sheriff's Department.

Management Response: Management has provided a copy of this finding to the appropriate Elected Official and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

2017-002

Condition: While performing audit procedures at the Magistrate Court, we noted that bank reconciliations were not performed.

Criteria: Proper internal controls require that cash accounts be reconciled to the general ledger in a timely manner, usually monthly.

Effect: Failure to reconcile cash accounts exposes the County to greater risk of loss and may lead to management decisions based on incorrect information.

Recommendation: Bank reconciliations should be performed for all bank accounts on a monthly basis.

Management Response: Management has provided a copy of this finding to the appropriate Elected Official and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

2017-003

Condition: While performing audit procedures at the Commissioner's Office, we noted that bank reconciliations were not performed in a timely manner.

Criteria: Proper internal controls require that cash accounts be reconciled to the general ledger in a timely manner, usually monthly.

Effect: Failure to reconcile cash accounts exposes the County to greater risk of loss and may lead to management decisions based on incorrect information.

Recommendation: Bank reconciliations should be performed for all bank accounts on a monthly basis.

Management Response: Management concurs with this finding and will reconcile all bank accounts on a monthly basis. This action was taken immediately upon receipt of the comment from our auditors.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

2017-004

Condition: While performing audit procedures at the Magistrate Court, we noted that there is no approval process for voided transactions.

Criteria: Proper internal controls require that all voided transactions are properly approved.

Effect: Failure to maintain proper supporting documentation with evidence of approval for voided transactions subjects the assets of the County to greater risk of misappropriation.

Recommendation: Supporting documentation with evidence of approval should be retained at the Court's office.

Management Response: Management has provided a copy of this finding to the appropriate Elected Official and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

2017-005

Condition: While performing audit procedures at the Probate Court, we noted that there is a lack of segregation of duties. The clerk performs the daily balancing, prepares all checks, and delivers the deposits to the bank.

Criteria: Proper internal controls require adequate segregation of duties.

Effect: Failure to maintain adequate segregation of duties subjects the assets of the County to greater risk of misappropriation.

Recommendation: To ensure that sufficient internal controls are in place, the Probate Court should properly segregate duties.

Management Response: Management has provided a copy of this finding to the appropriate Elected Official and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

2017-006

Condition: While performing audit procedures at the Clerk of Court's office, we noted that 10 of 15 (67%) voided transactions selected for testing lacked evidence of approval.

Criteria: Proper internal controls require that all voided transactions are properly approved.

Effect: Failure to maintain proper supporting documentation with evidence of approval for voided transactions subjects the assets of the County to greater risk of misappropriation.

Recommendation: Supporting documentation with evidence of approval should be retained at the Court's office.

Management Response: Management has provided a copy of this finding to the appropriate Elected Official and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

2017-007

Condition: While performing audit procedures at the Tax Commissioner's office, we were unable to reconcile the total receipts per the bank statements to the total receipts per the new receipting software due to issues with software conversion.

Criteria: Proper internal controls require that receipts per the bank statements be reconciled with receipts per the receipting software.

Effect: Failure to properly reconcile receipts per the bank statements to receipts per the receipting software could lead to materially misstated financial statements.

Recommendation: Office personnel should reconcile receipts per the bank statements with receipts per the receipting software on a monthly basis.

Management Response: Management has provided a copy of this finding to the appropriate Elected Official and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

2017-008

Condition: While performing audit procedures at the Juvenile Court, we noted that there is a lack of segregation of duties.

Criteria: Proper internal controls require adequate segregation of duties.

2017-008, continued

Effect: Failure to maintain adequate segregation of duties subjects the assets of the County to greater risk of misappropriation.

Recommendation: To ensure that sufficient internal controls are in place, the Juvenile Court should properly segregate duties.

Management Response: Management has provided a copy of this finding to the appropriate Elected Official and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

2017-009

Condition: While performing audit procedures on receipts for alcoholic beverage licenses, we noted instances where deposits were not made timely. We noted 6 of 14 (43%) receipts tested were held for more than seven days before depositing.

Criteria: Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. Management has advised the department head to implement the recommendation and to ensure that deposits are made timely. This action was taken immediately upon receipt of the comment from our auditors.

2017-010

Condition: While performing audit procedures on public works receipts, we noted instances where deposits were not made timely. We noted 7 of 20 (35%) receipts tested were held for more than seven days before depositing.

Criteria: Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. Management has advised the department head to implement the recommendation and to ensure that deposits are made timely. This action was taken immediately upon receipt of the comment from our auditors.

2017-011

Condition: While performing audit procedures on public works receipts, we were unable to recalculate 8 of 20 (35%) invoices tested due to inadequate documentation and prices.

Criteria: Proper internal controls require adequate supporting documentation with evidence of approval be maintained for all transactions.

Effect: Failure to maintain proper supporting documentation with evidence of approval subjects the assets of the County to greater risk of misappropriation.

2017-011, continued

Recommendation: Supporting documentation with evidence of approval should be retained by the public works department.

Management Response: Management concurs with this finding. Management has advised the department head to implement the recommendation and to ensure that deposits are made timely. This action was taken immediately upon receipt of the comment from our auditors.

2017-012

Condition: While performing audit procedures on recreation receipts, we were unable to trace receipts to clearing on the bank statements due to inadequate documentation.

Criteria: Proper internal controls require adequate supporting documentation with evidence of approval be maintained for all transactions.

Effect: Failure to maintain proper supporting documentation with evidence of approval subjects the assets of the County to greater risk of misappropriation.

Recommendation: Supporting documentation with evidence of approval should be retained by the recreation department to allow for tracing individual receipts to the bank statements.

Management Response: Management concurs with this finding. Management has advised the department head to implement the recommendation and to ensure that deposits are made timely. This action was taken immediately upon receipt of the comment from our auditors.

2017-013

Condition: County personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the County relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to Murray County. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the Finance Department is not trained to perform the daily accounting functions, but that the County has elected as a cost benefit to outsource this expertise to their auditors.

Criteria: Effective internal control requires that the County accept responsibility and understanding of the audited financial report.

Effect: Failure to understand the financial statements may lead to material misstatements.

Recommendation: County personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the County's financial statements.

Management Response: Management concurs with this finding. The County has determined that the cost of training County personnel to prepare the financial statements is prohibitive. The governing body and management have determined that personnel should receive training to the extent that is economically feasible and to continue to rely on the technical assistance of the external auditor or other qualified professional when necessary. This action was taken immediately upon receipt of the comment from our auditors.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Murray County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*.

Murray County, Georgia's Responses to Findings

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

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
May 18, 2018

STATE REPORTING SECTION

This section contains additional reports required by the State of Georgia.

MURRAY COUNTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the year ended December 31, 2017

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST 2013					
Roads and Bridges:					
Infrastructure	$ 8,724,300	$ 8,724,300	$ 2,587,386	$ 983,762	$ 3,571,148
Road construction equipment / vehicles	1,077,000	1,077,000	773,214	432,744	1,205,958
Other Projects:					
Fire Department (Spring Place)	810,000	810,000	400	93,540	93,940
Emergency Center Fire Department 1	24,100	24,100	0	0	0
Recreation buildings and equipment	705,000	705,000	1,101,494	19,672	1,121,166
Hospital equipment and debt reduction	6,232,400	6,232,400	3,752,314	1,211,603	4,963,917
Communication / Technical System	842,900	842,900	2,041,600	169,986	2,211,586
Public safety vehicles and equipment	3,381,000	3,381,000	944,651	431,746	1,376,397
Economic development projects	200,000	200,000	245,067	1,686	246,753
General buildings and equipment	1,628,300	1,628,300	775,171	48,531	823,702
Contractual Payments:					
City of Chatsworth	2,835,000	2,835,000	1,657,961	471,983	2,129,944
City of Eton	540,000	540,000	315,742	89,902	405,644
Total	$ 27,000,000	$ 27,000,000	$ 14,195,000	$ 3,955,155	$ 18,150,155

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.