SCHLEY COUNTY, GEORGIA

FINANCIAL REPORT

For the Fiscal Year Ended
JUNE 30, 2014

SCHLEY COUNTY, GEORGIA
Annual Financial Report
For the Year Ended June 30, 2014

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SCHLEY COUNTY, GEORGIA
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CSR
CHAMBLISS, SHEPPARD, ROLAND
& ASSOCIATES, LLP

INDEPENDENT AUDITOR'S REPORT

To the Schley County Board of Commissioners
Ellaville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of Schley County, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion

The financial statements of the Ellaville-Schley County Recreation Authority have not been audited, and we were not engaged to audit the Ellaville-Schley County Recreation Authority as part of our audit of the County's basic financial statements. Furthermore, the financial statements of

the Ellaville-Schley County Recreation Authority are prepared on the cash basis of accounting. The effects of these omissions were not practicable to determine. The Ellaville-Schley County Recreation Authority's financial activities are included in the County's basic financial statements as a discretely presented component unit and represent 25.82 percent, 24.35 percent, and 38.61 percent of the assets, net position, and revenues, respectively of the County's discretely presented component units.

Qualified Opinion

In our opinion, except for the possible effects of the matters discussed in the "Basis for Qualified Opinions" section, the financial statements referred to above present fairly, in all material respects, the financial position of the Ellaville-Schley County Recreation Authority a discretely presented component unit for Schley County, Georgia, as of June 30, 2014, and the changes in its financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects the respective financial position of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information of Schley County, Georgia, and the Schley County Department of Public Health discretely presented component unit as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows of the business-type activities for the year then ended and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund statements and schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 2014, on our consideration of Schley 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 the Schley County Board of Health's internal control over financial reporting and compliance.

Chambliss Sheppard Roland & Associates LLP

Americus, Georgia
December 29, 2014

FINANCIAL SECTION

SCHLEY COUNTY, GEORGIA
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Schley County Department of Public Health	Ellaville - Schley County Recreation Authority
ASSETS					
Cash	$ 1,367,708	$ 143,224	$ 1,510,932	$ 43,105	$ 15,004
Receivables (Net, where applicable, of allowances for uncollectible):					
Property Taxes	79,174	-	79,174	-	-
Sales Taxes	89,457	-	89,457	-	-
Accounts	105,113	56,003	161,116	-	-
Intergovernmental	18,299		18,299	-	-
Inventory	13,648	56,418	70,066	-	-
Prepaid insurance	45,386		45,386	-	-
Internal balances	225,070	(225,070)	-	-	-
Restricted Cash	-	43,215	43,215	-	-
Pension net excess	48,196	-	48,196	-	-
Capital Assets, nondepreciable	217,123	10,000	227,123	-	-
Capital assets, depreciable net of Accumulated Depreciation	1,564,978	11,455,939	13,020,917	-	-
Total Assets	3,774,152	11,539,729	15,313,881	43,105	15,004
LIABILITIES					
Accounts Payable	44,191	8,321	52,512	-	-
Accrued Wages and Payroll Liabilities	24,006	1,269	25,275	-	-
Unearned Revenue	-	-	-	-	-
Compensated Absences due within one year	7,088	2,211	9,299	4,306	-
Landfill postclosure care costs due within one year	37,800	-	37,800	-	-
Accrued Interest Payable	-	863,177	863,177	-	-
Short-term loan	-	825,726	825,726	-	5,122
Bonds Payable due within one year	-	65,403	65,403	-	-
Compensated Absences due in more than one year	9,312	1,325	10,637	2,172	-
Customer Deposits	-	42,275	42,275	-	-
Landfill postclosure care costs due in more than one year	699,311	-	699,311	-	-
Bonds Payable due in more than one year	-	5,446,477	5,446,477	-	-
Total Liabilities	821,708	7,256,184	8,077,892	6,478	5,122
NET POSITION					
Net investment in capital assets	1,782,101	5,954,059	7,736,160	-	-
Restricted for:					
Capital projects	612,001	-	612,001	-	-
Judicial purposes	36,765	-	36,765	-	-
Public safety purposes	33,863	-	33,863	-	-
Jail inmates	1,835	-	1,835	-	-
Health and welfare functions	-	-	-	36,627	-
Unrestricted	485,879	(1,670,514)	(1,184,635)	-	9,882
Total Net Position	$ 2,952,444	$ 4,283,545	$ 7,235,989	$ 36,627	$ 9,882

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

Functions/Program	Expenses	Program Revenues: Fees, Fines & Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Schley County Department of Public Health	Component Units: Ellaville - Schley County Recreation Authority
Governmental Activities:									
General Government	$ 558,235	$ 72,989	$ -	$ -	$ (485,246)	$ -	$ (485,246)	$ -	$ -
Judicial	246,624	91,914	-	-	(154,710)	-	(154,710)	-	-
Public Safety	874,144	120,654	5,000	8,123	(740,367)	-	(740,367)	-	-
Public Works	578,484	133,837	271,439	-	(173,208)	-	(173,208)	-	-
Health and Welfare	57,792	-	-	-	(57,792)	-	(57,792)	-	-
Culture and Recreation	91,870	-	-	-	(91,870)	-	(91,870)		
Housing and Development	26,484	-	-	-	(26,484)	-	(26,484)	-	-
Total Governmental Activities	2,433,633	419,394	276,439	8,123	(1,729,677)	-	(1,729,677)	-	-
Business-Type Activities:									
Water Department	734,432	241,399	-	-	-	(493,033)	(493,033)	-	-
Sanitation Department	284,176	199,830	-	-	-	(84,346)	(84,346)	-	-
Total Business-Type Activities	1,018,608	441,229	-	-	-	(577,379)	(577,379)	-	-
Total Primary Government	$ 3,452,241	$ 860,623	$ 276,439	$ 8,123	(1,729,677)	(577,379)	(2,307,056)		
Component Units:									
Schley County Health Department	159,624	25,131	112,301	-	-	-	-	$ (22,192)	$ -
Ellaville-Schley County Recreation Authority	119,902	48,125	-	-	-	-	-	-	(71,777)
Total Component Units	$ 279,526	$ 73,256	$ 112,301					(22,192)	(71,777)
General revenues:									
Taxes:									
Property Taxes					1,402,062	-	1,402,062	-	-
Sales					678,022	-	678,022	-	-
Insurance Premium Tax					-	148,521	148,521	-	-
Other Taxes					126,792	-	126,792	-	-
Allotments from Participating Local Government					-	-	-	34,000	59,709
Interest Earnings						-	-	45	-
Rental Earnings					38,708	-	38,708	-	-
Gain / (Loss) on Sale of Capital Assets					1,656	-	1,656	-	-
Reimbursed Landfill Postclosure Expenses					-	3,834	3,834	-	-
Miscellaneous					5,913	-	5,913	-	-
Transfers					77,275	(77,275)	-	-	-
Total general revenues and transfers					2,330,428	75,080	2,405,508	34,045	59,709
Change in net position					600,751	(502,299)	98,452	11,853	(12,068)
Net position - Beginning of Year, as originally reported					2,351,693	4,785,844	7,137,537	24,774	21,950
Net position - ending of year					$ 2,952,444	$ 4,283,545	$ 7,235,989	$ 36,627	$ 9,882

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General	Transportation Special 1% Sales Tax Fund	Special 1% Sales Tax Fund 2013	Special 1% Sales Tax Fund 2008 - 2013	Other Governmental Funds	Total
ASSETS						
Cash in Bank	$ 890,016	$ 100,117	$ 158,133	$ 146,976	$ 72,466	$ 1,367,708
Receivables (net of allowance for uncollectible)	226,805	41,561	23,677	-	-	292,043
Inventories	13,648	-	-	-	-	13,648
Prepaid Insurance	45,386	-	-	-	-	45,386
Due from Other Funds	173,606	-	-	6,114	188,376	368,096
Total Assets	1,349,461	141,678	181,810	153,090	260,842	2,086,881
LIABILITIES						
Accounts Payable	44,191	-	-	-	-	44,191
Accrued Salaries and Payroll Liabilities	24,006	-	-	-	-	24,006
Due to Other Funds	133,010	-	-	10,016	-	143,026
Total Liabilities	201,207	-	-	10,016	-	211,223
DERERRED INFLOWS OF RESOURCES						
Unavailable Revenue-Property Tax	64,048	-	-	-	-	64,048
Total Deferred Inflows of Resources	64,048	-	-	-	-	64,048
FUND BALANCES						
Nonspendable	13,648	-	-	-	188,376	202,024
Restricted	145,439	141,678	181,810	143,074	70,631	682,632
Committed	-	-	-	-	1,835	1,835
Assigned	-	-	-	-	-	-
Unassigned	925,119	-	-	-	-	925,119
Total Fund Balances	1,084,206	141,678	181,810	143,074	260,842	1,811,610
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,349,461	$ 141,678	$ 181,810	$ 153,090	$ 260,842	

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,782,101
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Property Tax	64,048	
Net Pension Excess	48,196	112,244
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated Absences	(16,400)	
Landfill Postclosure Care Costs	(737,111)	(753,511)
Net position of governmental activities		$ 2,952,444

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year ended June 30, 2014

	General	Transportation Special 1% Sales Tax Fund	Special 1% Sales Tax Fund 2013	Special 1% Sales Tax Fund 2008 - 2013	Other Governmental Funds	Total
REVENUES:						
Property Taxes	$ 1,417,094	$ -	$ -	$ -	$ -	$ 1,417,094
Other Taxes	274,668	228,105	302,041	-	-	804,814
Licenses and Permits	12,340	-	-	-	-	12,340
Intergovernmental	284,562	-	-	-	-	284,562
Charges for Services	366,370	-	-	-	-	366,370
Fines and Forfeitures	8,843	-	-	-	8,977	17,820
Interest	-	-	-	-	33	33
Miscellaneous	60,255	-	-	-	5,740	65,995
Total Revenues	2,424,132	228,105	302,041	-	14,750	2,969,028
EXPENDITURES:						
Current Operating Expenditures						
General Government	426,119	-	1,250	-	689	428,058
Judicial	243,008	-	-	780	2,449	246,237
Public Safety	798,489	-	-	2,080	27,717	828,286
Public Works	462,642	126,315	-	-	-	588,957
Health and Welfare	51,154	-	-	-	-	51,154
Culture and Recreation	90,046	-	-	-	-	90,046
Housing and Development	26,484	-	-	-	-	26,484
Intergovernmental (City of Ellaville)	-	-	78,726	18,314	-	97,040
Capital Outlay	-	71,066	40,255	188,344	-	299,665
Total Expenditures	2,097,942	197,381	120,231	209,518	30,855	2,655,927
EXCESS OF REVENUES OVER EXPENDITURES	326,190	30,724	181,810	(209,518)	(16,105)	313,101
OTHER FINANCING SOURCES (USES):						
Sale of Capital Asset and Other Surplus	3,113	-	-	-	-	3,113
Transfers In	77,275	-	-	37,333	-	114,608
Transfers Out	(18,666)	(18,667)	-	-	-	(37,333)
Total Other Financing Sources (Uses)	61,722	(18,667)	-	37,333	-	80,388
NET CHANGE IN FUND BALANCES	387,912	12,057	181,810	(172,185)	(16,105)	393,489
FUND BALANCE - BEGINNING OF YEAR	696,294	129,621	-	315,259	276,947	1,418,121
FUND BALANCE - END OF YEAR	$ 1,084,206	$ 141,678	$ 181,810	$ 143,074	$ 260,842	$ 1,811,610

See accompanying notes to financial statements.

SCHLEY 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 June 30, 2014

The change in net position reported for governmental activities in the statement of activities is different because:		
Net change in *fund balances* - total governmental funds.		$ 393,489
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($308,697) exceeded depreciation ($131,812) in the current period.		176,885
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property tax receivable	(15,032)	(15,032)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	735	
Pension cost	1,350	
Landfill expenditures	43,324	45,409
Change in Net Position of Governmental Activities.		$ 600,751

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2014

	Original & Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive(Negative)
REVENUES			
TAXES			
General Property	$ 1,352,680	$ 1,417,094	$ 64,414
Timber Tax	30,000	46,438	16,438
Intangible Recordings	7,666	12,889	5,223
Interest, Cost, Penalties & Fees	37,072	47,638	10,566
1% Sales Tax	180,000	147,876	(32,124)
Real Estate Transfer Tax	2,800	4,298	1,498
Railroad Car Tax	7,200	7,048	(152)
Franchise Tax	1,700	1,584	(116)
Alcoholic Beverage Excise	96	218	122
Insurance Premium Tax	151,000	-	(151,000)
Financial Institutions	5,000	6,679	1,679
Total Taxes	1,775,214	1,691,762	(83,452)
LICENSES AND PERMITS			
Alcohol Beverage License	250	250	-
Building Permits	8,000	12,090	4,090
Total Licenses and Permits	8,250	12,340	4,090
INTERGOVERNMENTAL			
State	5,000	271,439	266,439
Federal (through CJCC)	-	8,123	8,123
Federal (through GEMA)	-	5,000	5,000
Total Intergovernmental	5,000	284,562	279,562
CHARGES FOR SERVICES			
Sheriff Fees and Charges	2,400	2,231	(169)
Superior Court Fees	22,000	24,379	2,379
Magistrate Court Fees	-	11,169	11,169
Probate Court Fees	85,000	42,333	(42,667)
County Shop Repair Service Fees and Fuel Sales	12,000	59,600	47,600
Ambulance Fees	80,000	83,828	3,828
Commission on Tax	62,000	60,523	(1,477)
Jail Contract City of Ellaville	18,000	18,000	-
State and Other County Inmate Housing	4,335	435	(3,900)
Right of Way Maintenance Contract	-	57,146	57,146
City Clerical Contract	-	6,600	6,600
Other Revenues	2,400	126	(2,274)
Total Charges for Services	288,135	366,370	78,235
FINES & FORFEITURES			
Fines - Superior Court	500	8,843	8,343
Magistrate Court Fines	12,000	-	(12,000)
Total Fines and Forfeitures	12,500	8,843	(3,657)
INVESTMENT INCOME			
Interest Revenues	200	-	(200)
MISCELLANEOUS			
Rental Income	35,650	38,708	3,058
Driveway Pipe & Dirt Sales	3,000	17,091	14,091
Miscellaneous	-	4,456	4,456
Total Miscellaneous Revenue	38,650	60,255	21,605
Total Revenues	2,127,949	2,424,132	296,183

(continued)

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2014

	Original & Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive(Negative)
EXPENDITURES			
GENERAL GOVERNMENT			
Board of Commissioners	$ 49,308	$ 54,005	$ (4,697)
County Clerk	60,835	66,192	(5,357)
Elections	26,198	21,971	4,227
Courthouse Upkeep & Utilities	12,000	13,850	(1,850)
Tax Commissioner	83,403	83,103	300
Tax Assessor	73,249	78,316	(5,067)
Board of Equalization	795	1,191	(396)
General Operations	272,864	107,491	165,373
Total General Government	578,652	426,119	152,533
JUDICIAL			
Magistrate Court	54,112	51,799	2,313
Probate Court	73,437	68,822	4,615
Superior Court	13,694	11,857	1,837
Indigent Defense	21,285	20,039	1,246
Clerk of Court	61,295	58,869	2,426
Grand Jury	15,745	9,510	6,235
District Attorney	12,000	12,000	-
Juvenile Court and Supervision	7,284	10,112	(2,828)
Total Judicial	258,852	243,008	15,844
PUBLIC SAFETY			
Sheriff	268,475	291,599	(23,124)
Jail	196,849	171,547	25,302
Community Service Supervision	4,793	2,404	2,389
Fire Department & Ambulance Service	294,503	302,240	(7,737)
Coroner	6,500	6,912	(412)
Emergency Management	6,354	13,215	(6,861)
Middle Flint E-911	10,571	10,572	(1)
Total Public Safety	788,045	798,489	(10,444)
PUBLIC WORKS			
Maintenance Department	230,000	66,594	163,406
Roads and Bridges	288,404	396,048	(107,644)
Landfill Closure Costs	40,000	-	40,000
Total Public Works	558,404	462,642	95,762
HEALTH AND WELFARE			
Health Department	43,760	42,658	1,102
Family and Children Services	9,800	8,496	1,304
Total Health and Welfare	53,560	51,154	2,406
CULTURE AND RECREATION			
Recreation	40,000	40,097	(97)
Library	22,847	22,949	(102)
Senior Citizens Center	27,000	27,000	-
Total Culture and Recreation	89,847	90,046	(199)

(Continued)

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2014

	Original & Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive(Negative)
EXPENDITURES (continued)			
HOUSING AND DEVELOPMENT			
Extension Service	19,253	17,558	1,695
Forestry Commission	8,926	8,926	-
Total Housing and Development	28,179	26,484	1,695
Total Expenditures	2,355,539	2,097,942	257,597
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(227,590)	326,190	553,780
OTHER FINANCING SOURCES			
Prior Year Carryover	150,000	-	(150,000)
Reserve	(72,410)	-	72,410
Sale of Capital Assets and Other Surplus	-	3,113	3,113
Transfers in	150,000	77,275	(72,725)
Transfers out	-	(18,666)	(18,666)
Total Other Financial Sources	227,590	61,722	(165,868)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	-	387,912	387,912
Fund Balance - Beginning of Year	460,880	696,294	235,414
Fund Balance - End of Year	$ 460,880	$ 1,084,206	$ 623,326

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Enterprise Fund		
	Water Fund	Sanitation Fund	Total
ASSETS			
Current Assets			
Cash	$ 14,657	$ 128,567	$ 143,224
Accounts Receivable, net of Allowance for Doubtful Accounts	25,872	30,131	56,003
Inventory	56,418	-	56,418
Total Current Assets	96,947	158,698	255,645
Noncurrent Assets:			
Cash - Customer Deposits	43,215	-	43,215
Due from Water Fund	-	4,659	4,659
Capital Assets			
Land	10,000	-	10,000
Building	20,796	-	20,796
Machinery, Equipment and Vehicles	178,786	-	178,786
Furniture & Fixtures	10,206	-	10,206
Water Plant and Wells	13,567,546	-	13,567,546
Total Capital Assets	13,787,334	-	13,787,334
Less: Accumulated Depreciation	(2,321,395)	-	(2,321,395)
Capital Assets, net of depreciation	11,465,939	-	11,465,939
Total Noncurrent Assets	11,509,154	4,659	11,513,813
Total Assets	11,606,101	163,357	11,769,458
LIABILITIES			
Current Liabilities:			
Accounts Payable	3,345	4,976	8,321
Accrued Wages	690	579	1,269
Compensated Absences	474	1,737	2,211
Accrued Interest Payable	863,177	-	863,177
Notes Payable Bank	825,726	-	825,726
Notes Payable USDA Bonds	65,403	-	65,403
Total Current Liabilities	1,758,815	7,292	1,766,107
Long-Term Liabilities:			
Due to General Fund	125,606	37,984	163,590
Due to Sanitation Fund	4,659	-	4,659
Due to SPLOST 2003 - 2007 Fund	26,480	35,000	61,480
Customer Water Deposits	42,275	-	42,275
Compensated Absences	-	1,325	1,325
Notes Payable USDA Bonds	5,446,477	-	5,446,477
Total Long-Term Liabilities	5,645,497	74,309	5,719,806
Total Liabilities	7,404,312	81,601	7,485,913
NET POSITION			
Net investment in capital assets	5,954,059	-	5,954,059
Unrestricted	(1,752,270)	81,756	(1,670,514)
Total Net Position	$ 4,201,789	$ 81,756	$ 4,283,545

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Enterprise Fund		
	Water Fund	Sanitation Fund	Total
OPERATING REVENUES			
Charges for Services	$ 237,099	$ 199,830	$ 436,929
Water Tap-on and Other Fees	2,500	-	2,500
Other Fees	1,800	-	1,800
Total Operating Revenues	241,399	199,830	441,229
OPERATING EXPENSES			
Personal Services	61,709	39,996	101,705
Material & Supplies	1,307	-	1,307
Maintenance, Operations & Contracted	100,835	244,180	345,015
Depreciation	299,951	-	299,951
Total Operating Expenses	463,802	284,176	747,978
Operating Income (Loss)	(222,403)	(84,346)	(306,749)
NON-OPERATING REVENUE (EXPENSE)			
Insurance Premium Tax	-	148,521	148,521
Reimbursed Landfill Postclosure Expenses	-	3,834	3,834
Interest Expense	(270,630)	-	(270,630)
Net Non-Operating Revenue (Expense)	(270,630)	152,355	(118,275)
Income (Loss) before transfers	(493,033)	68,009	(425,024)
TRANSFERS			
Transfers in	-	-	-
Transfers (out)	-	(77,275)	(77,275)
Net transfers in / (out)	-	(77,275)	(77,275)
CHANGE IN NET POSITION	(493,033)	(9,266)	(502,299)
NET POSITION - BEGINNING OF YEAR	4,694,822	91,022	4,785,844
NET POSITION - END OF YEAR	$ 4,201,789	$ 81,756	$ 4,283,545

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Enterprise Fund		
	Water Fund	Sanitation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 237,507	$ 192,111	$ 429,618
Cash Payments to Suppliers for Materials and Supplies	(1,307)	-	(1,307)
Cash Payments to Employees for Services	(58,212)	(33,514)	(91,726)
Maintenance, Operating & Contract Services	(83,848)	(238,757)	(322,605)
Net Cash Provided (Used) by Operating Activities	94,140	(80,160)	13,980
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Customer Water Deposits Received	6,450	-	6,450
Customer Water Deposits Refunded or Applied to Bill	(3,450)	-	(3,450)
Transfer to General Fund	-	(77,275)	(77,275)
Reimbursed Landfill Postclosure Expenses	-	3,834	3,834
Insurance Premium Tax	-	148,521	148,521
Net Cash Provided by Non-Capital Financing Activities	3,000	75,080	78,080
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Addition to Water System	(1,526)		(1,526)
Principal paid on Long-Term Debt	(23,285)	-	(23,285)
Interest Paid on Long-Term Debt	(63,595)	-	(63,595)
Proceeds from Short-Term Bank Loan	825,726	-	825,726
Payments on Short-Term Bank Loan	(825,726)	-	(825,726)
Net Cash (Used) by Capital and Related Financing Activities	(88,406)	-	(88,406)
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment of Loan to General fund	(4,132)	-	-
Net Cash Provided (Used) by Investing Activities	(4,132)	-	(4,132)
Net Increase (Decrease) in Cash and Cash Equivalents	4,602	(5,080)	(478)
Cash and Cash Equivalents at June 30, 2013	53,270	133,647	186,917
Cash and Cash Equivalents at June 30, 2014	$ 57,872	$ 128,567	$ 186,439
Displayed as:			
Cash - Operations Account	$ 14,657	$ 128,567	$ 143,224
Cash - Customer Deposits	43,215	-	43,215
	$ 57,872	$ 128,567	$ 186,439

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Enterprise Fund		
	Water Fund	Sanitation Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES			
Operating Income (Loss)	$ (222,403)	$ (84,346)	$ (306,749)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities :			
Depreciation	299,951	-	299,951
(Increase) Decrease in Accounts Receivable	(3,552)	(8,060)	(11,612)
(Increase) Decrease in Inventories	7,731	-	7,731
Increase (Decrease) in Due to General Fund	9,375	6,929	16,304
Increase (Decrease) in Due to Sanitation Fund	(341)	341	-
Increase (Decrease) in Accounts Payable	3,345	4,976	8,321
Increase (Decrease) in Accrued Salaries	(328)	-	(328)
Increase (Decrease) in Compensated Absences	362	-	362
Net Cash Provided By (Used In) Operations	$ 94,140	$ (80,160)	$ 13,980
	-	-	

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
June 30, 2014

	Agency Funds
ASSETS	
Cash	$ 73,957
Taxes Receivable (net of doubtful accounts $16,580)	131,119
Total Assets	$ 205,076
LIABILITIES	
Due to Others	$ 205,076
Total Liabilities	$ 205,076

See accompanying notes to financial statements.

Note 1 – Summary of Significant Accounting Policies

The financial statements of Schley County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the County's accounting policies are described below.

1-A. Reporting Entity

Schley County was established in 1857, and is a political subdivision of the State of Georgia. Schley County operates under a County Commissioner form of government with four elected commissioners to represent the four districts in the County plus one commissioner elected at large to serve as chairman. The Commissioners, who serve on a part-time basis, are elected to staggered terms of four years. The Commissioners have employed a full-time County Administrator who is responsible for the day-to-day operations of the general government including the proprietary funds. The Board of County Commissioners' regular monthly meeting is held on the second Tuesday night of each month.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Schley County, Georgia (the primary government), and component units. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. The primary government also includes the constitutionally elected officers – Tax Commissioner, Sheriff, Probate Judge, Magistrate Judge, and Clerk of Superior Court. The Board of Commissioners budgets and approves all funding used by the separate constitutional officers.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the County is obligated for the debt of the organization.

Discretely presented component units generally are reported only at the government-wide financial reporting level.

The component unit column included on the government-wide financial statements identifies the financial data of the County's discretely presented component unit. Component units are reported separately to emphasize that they are legally separate from the County.

The following component units are discretely presented in the reporting entity:

Schley County Health Department (Health Department): Title 31, Chapter 3 of the Official Code of Georgia Annotated, establishes County Boards of Health and prescribes their powers, functions and membership. The Health Department is charged with determining the health needs and resources of the County, developing programs, activities, and facilities

responsive to those needs, and enforcing all laws relating to health matters unless they fall under the jurisdiction of other agencies. The Board of Health is composed of seven members whose, qualifications are stipulated in the Code. One member is a Schley County Commissioner, and three are appointed by the County Commission. The County does not have the authority to approve or modify the Health Department's budgets, however, it does have the ability to control the amount of funding it provides and such funding is significant to the operations of the Health Department. The Health Department issues separately audited financial statements with a fiscal year ended June 30, 2014. Copies of these financial statements may be obtained from the administrative office at: The Schley County Health Department, 45 W. Oglethorpe St., Suite B, Ellaville, Georgia 31806.

Ellaville Schley County Recreation Authority: Schley County and the City of Ellaville jointly contribute to the Ellaville Schley County Recreation Authority funds to support the recreation program. The Authority Board is composed of seven members, four are appointed by the Schley County Board of Commissioners and three are appointed by the City of Ellaville. The County does not have the authority to approve or modify the Recreation Authority's budgets, however, it does have the ability to control the amount of funding it provides, and such funding is significant to the operations of the Recreation Authority. During the year ended June 30, 2014, Schley County contributions were $40,097 which includes $39,658 cash and the use of a County building for which the County pays utilities and upkeep for the Recreation Authority. Financial statements as of and for the year ended December 31, 2013, for the Schley County Recreational Authority can be obtained from: Ellaville Schley County Recreation Authority, P.O. Box 1144, Ellaville, Georgia 31806. This component unit has not been included as part of the notes to the financial statements.

See Notes 16 & 17 for descriptions of relationships with organizations other than component units.

1-B. Basis of Presentation

The County's basic financial statements consist of: government-wide statements, and fund financial statements.

Government-wide Financial Statements – The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information for the County as a whole for all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the County's proprietary funds and the various other functions of the County. *Governmental activities*, which generally are supported by taxes and County general revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position on the last day of the fiscal year of the primary government (its governmental and business-type activities) and the discretely presented component units of the County.

The statement of activities presents a comparison between direct expenses and program revenues (defined below) for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. A *function* is an assembly of similar activities and may include portions of a fund or summarize more than one

fund to capture the expenses and program revenues associated with a distinct functional activity. The comparisons of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

The statement of activities reports the expenses of a given function offset by program revenues directly related to the functional program. *Direct expenses* are those that are specifically associated with a function, and are, therefore, clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities. *Program revenues* include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted. Taxes and other revenue sources not properly included with program revenues are reported as *general revenues* of the County.

Fund Financial Statements – In order to aid financial management and to demonstrate legal compliance, the County segregates transactions related to certain County functions or activities in separate funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements are designed to present financial information of the County at this more detailed level. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The major individual governmental and enterprise funds are reported in separate columns. Non-major funds can be reported together in one column. Agency funds are the only fiduciary fund. The County uses funds to maintain its financial records during the year. The County uses three categories of funds: governmental, proprietary, and fiduciary.

> ***Governmental Funds*** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance. The following are the County's major governmental funds:
>
> > ***General Fund*** – The general fund accounts for all financial resources except those required to be accounted for in other funds described below. Additionally, the General Fund sells diesel and gasoline to the City of Ellaville. Each separate governmental body is billed monthly for work performed on equipment and vehicles. The general fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Georgia.
> >
> > ***Special 1% Sales Tax Funds*** **(SPLOST 2013)** – This is a Capital Projects Fund which is used to collect a special 1% sales tax to pay for the following

county-wide projects: renovation/expansion of the courthouse, renovation and improvement to the existing recreational facilities, purchase a Class A Pumper truck, purchase a new ambulance, county building repairs and renovations, purchase three sheriff vehicles, road equipment including dump truck, front end loader pickup truck and other road equipment, renovation of public facilities including fire stations, additional covered storage, purchase a rescue truck, extrication tools and a share of purchasing fire according to the project based budget. An agreed upon percentage of each of these taxes is allocated to the City of Ellaville for their capital purposes. This SPLOST started July 1, 2013.

Special 1% Sales Tax Funds **(SPLOST 2008 – 2013)** – This is a Capital Projects Fund which is used to collect a special 1% sales tax to pay for building improvements, development of recreation facilities, and equipment for fire and ambulance, road, sheriff and other governmental departments according to the project based budget. An agreed upon percentage of each of these taxes is allocated to the City of Ellaville for their capital purposes. This SPLOST expired on June 30, 2013.

Transportation Special 1% Sales Tax Fund (T-SPLOST) – This Capital Projects Fund is used to collect allocations of a special 1% sales tax by the county for transportation projects or as the local match as required for state transportation projects and grants.

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise funds. The major proprietary funds are as follows:

Water Fund – This fund is used for the operation of the County's water system which provides services to the residents and businesses located within Schley County and portions of Sumter County.

Sanitation Fund – This fund is used to account for the operations of the County's solid waste disposal program. The County contracts for the disposition of its solid waste.

Fiduciary Funds – The County's fiduciary funds are agency funds. Constitutional officers use these funds to account for the collection and disbursement of monies on behalf of the County and other governments and individuals, such as ad valorem and property tax, court fees, and fines. These agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus.

The measurement focus (defined below) of the governmental funds balance sheet generally includes only current assets and current liabilities. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial state-

ments, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

1-C. 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. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Government-wide Financial Statements – The government-wide and proprietary funds 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Agency funds are accounted for on the accrual basis of accounting.

Governmental Fund Financial Statements – The governmental funds 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 measureable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for water and solid waste programs; and maintenance cost charge for maintenance service. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of each program. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

1-D. Assets, Liabilities and Fund Equity

1-D-1. Cash, Cash Equivalents, and Investments

For the County and the discretely presented component units, cash and cash equivalents include amounts in demand deposit accounts as well as short-term investments with a maturity date within three months of the date acquired by the County. The County does not have a formal deposit policy for custodial credit risk.

Georgia law, authorizes the County to invest in obligations of the State of Georgia or of any other states, obligations of the United States Government, obligations fully insured or guaranteed by the government or governmental agency, obligations of any corporation of the government, prime bankers' acceptances, the State of Georgia local government investment pool (i.e., Georgia Fund 1), repurchase agreements, and obligations of the other political subdivisions of the State of Georgia.

Investments, if any, are stated at fair value based on quoted market prices. The County does not have a formal investment policy that would identify and manage investment rate risk.

1-D-2. Prepaid Items

Payments to vendors applicable to future accounting periods are recorded as prepaid items in the proprietary funds and the government-wide financial statements. In the government funds these type payments would be expenditures when paid.

1-D-3. Restricted Assets

Customer security deposits, and funds held in separate accounts for Water System construction are classified as restricted in the Statement of Net Position.

1-D-4. Receivables and Payables

All trade receivables and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

1-D-5. Interfund Receivables and Payables

On the governmental fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental and business-type activities columns of the government-wide statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as "internal balances".

1-D-6. Inventories

On the government-wide financial statements and the fund financial statements, inventories are presented at the lower of cost (first-in, first-out basis) or market. Inventories of the governmental funds and the proprietary funds are expensed when used (i.e., the consumption method). Inventory reported in the governmental fund balance sheet consists of bulk fuel.

1-D-7. 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 governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

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 their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. Improvements to capital assets are capitalized. The County has not capitalized infrastructure assets (roads and bridges) acquired prior to July 1, 2003. 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. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Primary Government		
Land Improvements	20 years	20 years
Buildings and Plant	50 years	45 - 50 years
Machinery and equipment	5 – 12 years	5 – 10 years
Vehicles	4 - 8 years	6 years
Water plant and wells	Not Applicable	35 – 50 years
Component Unit		
Machinery and equipment	5 – 10 years	

1-D-8 Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position and the balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The County has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position and the balance sheet 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 or fund balance 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 two items, which arise 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 ambulance fees receivable. These amounts are deferred and recognized as an inflow of resources in the period that they become available.

1-D-9. Unearned Revenue

Revenue received in advance of the period of its use is reported as unearned revenue in the liability section of the statement of net position and the balance sheet. Grant revenue is an example of this type of receipt. At June 30, 2013, the County reported Local Maintenance and Improvement Grant funds as unearned, because the road projects funded were started after year end. There was no unearned revenue at June 30, 2014.

1-D-10. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick benefits. Based on length of service, employees earn vacation leave at the rate of from 40 to 120 hours per year. Up to 160 hours of unused vacation time may be carried over and may be paid upon termination or resignation.

Employees accrue sick leave at the rate of one day for each month worked, and may accumulate up to 90 days. No liability accrues for unpaid accumulated sick leave after June 30, 2003. Accumulated sick leave prior to July 1, 2003, may be paid upon termination or resignation up to a maximum of 30 days at their current pay rate.

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

1-D-11. Accrued Liabilities and Long-term Obligations

In both the government-wide financial statements and in the proprietary fund type financial statements, all payables, accrued liabilities, and long-term obligations are reported in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. The face amount of long-term debt issued is reported as other financing sources. Debt service expenditures are recognized as a liability in the governmental fund financial statements when due.

1-D-12. Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. In the fund financial statements, governmental fund types report bond premiums and discounts as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as debt service expenditures.

1-D-13. Fund Equity

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 and liabilities under the current financial resources measurement focus. In the fund financial statements, government funds report fund balance classifications following a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purpose for which amounts in the fund can be spent. Fund balances are classified as follows: *Nonspendable* – Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. *Restricted* - Amounts that can only be used for the specific purposes stipulated by (a) constitutional provisions or enabling legislation or (b) external constraints imposed by creditors, resource providers, or laws or regulations of other governments. *Committed* - Amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the Schley County Board of Commissioners. *Assigned* – Amounts intended to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Board of Commissioners, another body (such as a finance committee), or by an official to whom that authority has been given. *Unassigned* - This is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. The County reports positive unassigned fund balance only in the General Fund.

Flow Assumptions - When both restricted and unrestricted fund balances are available for expenditures, restricted amounts will be used first and then unrestricted amounts as available. Unrestricted amounts of fund balance will be used in the following order: committed, assigned, unassigned.

Net Position – Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position are reported as unrestricted. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then, unrestricted resources as they are needed.

1-D-14. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, grants, or other contributions of resources restricted to capital acquisition and construction.

1-E. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as a separate category after non-operating revenues/ expenses in proprietary funds.

Transfers between governmental and business-type activities on the government-wide statement of activities are reported below general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

1-F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information

Schley County adopts an annual appropriated budget for the general fund on a basis consistent with generally accepted accounting principles. The County Administrator prepares the budget based on requests from department heads and other elected officials, and submits it to the Board of County Commissioners for review. After conducting public hearings, the Commissioners adopt the budget by passing the budget resolution. The operating budget includes proposed expenditures and the means of financing them. Annual operating budgets are adopted for the water fund, and the sanitation fund for planning, control, and evaluation purposes. Annual budgets were not adopted for the special revenue funds reported on pages 42 – 43 as required by OCGA 36-81-3(b). Budgets for the Capital Projects Funds are adopted on a project basis.

The level of budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

- The County Commissioners may transfer funds from one object or purpose to another within the same department.
- The Commissioners may amend the budget by motion during the fiscal year.

2-B. Excess of Expenditures Over Appropriations (General Fund)

The following schedule presents material excess of actual expenditures over the appropriations for the year ended June 30, 2014, at the department level (the legal level of control):

	Budget	Actual	Overage
Board of Commissioners	$ 49,308	$ 54,005	$(4,697)
County Clerk	60,835	66,192	(5,357)
Tax Assessor	73,249	78,316	(5,067)
Juvenile Court and Supervision	7,284	10,112	(2,828)
Sheriff	268,475	291,599	(23,124)
Fire Department and Ambulance Service	294,503	302,240	(7,737)
Emergency Management	6,354	13,215	(6,861)
Roads and Bridges	288,404	396,048	(107,644)
Transfers out	0	18,666	(18,666)

Material excesses for the above is defined as $2,500 or more. The excess in Roads and Bridges was due to road paving using Local Maintenance and Improvement Funds (LMIG) funds which were received in the prior year. The excesses in the other items were funded with revenue overages and cost savings in other departments. The transfer out was to the SPLOST 2008 fund for purchase of a motor grader. For future years, the Commissioners will utilize budget amendments when needed and emphasize cost controls.

2-C. Deficit Fund Equity

In the Enterprise Fund, the Water Fund unrestricted net deficit is due to operating expenditures and bond interest exceeding revenues. The Commissioners expect that the deficit will not be corrected in future years, because new customers tap-on to the system are expected to continue to be substantially less than projected.

Note 3 – Deposits and Investments

Deposits - State statutes require that the County take appropriate measures to mitigate *Custodial Credit Risk* for their deposits. Custodial Credit Risk for deposits is the risk that, in the event of bank failure, the County's funds on deposit would be lost. The County has no formal policy for deposit custodial credit risk. County funds are on deposit at a local FDIC insured bank in non-interest bearing accounts. All of the county's deposits in excess of FDIC coverage are collateralized by securities in the bank's "Pledging Pool".

Investments - As of and for the year ended June 30, 2014, the County did not have any investments. To mitigate *Credit Risk,* State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations fully insured or guaranteed by the U.S. government or by any government agency or the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County does not have a formal investment policy that addresses *Interest Rate Risk* as a means of limiting its exposure to fair value losses arising from rising interest rates.

Note 4 – Receivables

Receivables as of year-end for the County's individual major funds and nonmajor governmental and its enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	T-SPLOST	SPLOST 2013	Water	Sanitation	Total
Receivables						
Property Taxes	$ 87,026	$ -	$ -	$ -	$ -	$ 87,026
Intergovernmentsl	42,518	41,561	23,677	-	-	107,756
Accounts	549,772	-	-	30,570	76,063	656,405
Gross Receivables	679,316	41,561	23,677	30,570	76,063	851,187
Less: Allowance for Uncollectibles	(452,511)	-	-	(4,698)	(45,932)	(503,141)
Net Receivables	$ 226,805	$ 41,561	$ 23,677	$ 25,872	$ 30,131	$ 348,046

Non-current property tax receivable of $64,048 (net of allowance for uncollectible of $7,852) is reported as assets, but on the Balance Sheet of the Governmental Funds, they are reported as deferred inflows of resources, because they do not represent financial resources available to pay current expenditures.

Property taxes for the 2013 digest were levied on August 29, 2013. Taxes were billed on September 20, 2013, and were due and payable by December 20, 2013.

The County bills and collects its own property taxes as well as taxes for the State and County School District. Collections of the County taxes and their remittances are accounted for in the Tax Commissioner's Agency Fund.

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Retirements & Reclassifications	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	$ 217,123	$ -	$ -	$ 217,123
Total Nondepreciable Capital Assets	217,123	-	-	217,123
Capital Assets, Being Depreciated:				
Buildings	$ 1,666,319	$ -	$ 88,426	$ 1,754,745
Machinery and Equipment	1,431,079	308,697	(122,938)	1,616,838
Furniture and Fixtures	171,259	-	7,606	178,865
Total Capital Assets, Being Depreciated	$ 3,268,657	$ 308,697	$(26,906)	$ 3,550,448

Note 5 – Capital Assets (continued):

	Beginning Balance	Additions	Retirements & Reclassifications	Ending Balance
Governmental Activities (continued):				
Accumulated Depreciation:				
Buildings	$ (681,788)	$ (51,482)	$ 451	$ (732,819)
Machinery and Equipment	(1,039,948)	(78,732)	26,906	(1,091,774)
Furniture and Fixtures	(158,828)	(1,598)	(451)	(160,877)
Total Accumulated Depreciation	(1,880,564)	(131,812)	26,906	(1,985,470)
Total Depreciable Assets, Net	1,388,093	176,885	-	1,564,978
Governmental Activities, Capital Assets, Net	$ 1,605,216	$ 176,885	$ -	$ 1,782,101

Governmental Activities Depreciation Expense:	
General Government	$ 34,408
Judicial	387
Public Safety	55,872
Public Works	32,683
Health and Welfare	6,638
Culture and Recreation	1,824
Total Governmental Activities Depreciation Expense	$ 131,812

	Beginning Balance	Additions	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	$ 10,000	$ -	$ -	$ 10,000
Total Nondepreciable Capital Assets	10,000	-	-	10,000
Capital Assets, Being Depreciated:				
Building and Plant	20,796	-	-	20,796
Machinery and Equipment	178,786	-	-	178,786
Furniture and Fixtures	10,206	-	-	10,206
Water Plant and Wells	13,566,020	1,526	-	13,567,546
Total Capital Assets, Being Depreciated	13,775,808	1,526	-	13,777,334
Accumulated Depreciation:				
Buildings and Plant	(3,917)	(416)	-	(4,333)
Machinery and Equipment	(154,986)	(17,644)	-	(172,630)
Furniture and Fixtures	(9,611)	(595)	-	(10,206)
Water Plant and Wells	(1,852,930)	(281,296)	-	(2,134,226)
Total Accumulated Depreciation	(2,021,444)	(299,951)	-	(2,321,395)
Capital Assets, Being Depreciated, Net	11,754,364	(298,425)	-	11,455,939
Business-Type Activities Capital Assets, Net	$11,764,364	$(298,425)	$ -	$11,465,939

Governmental Activities Depreciation Expense:	
Water Fund	$ 299,951
Sanitation Fund	-
Total business-Type Activities Depreciation Expense	$ 299,951

Note 5 – Capital Assets (continued):

Component Unit:

Schley County Health Department:

	Beginning Balance	Additions	Decreases	Ending Balance
Capital Assets, Being Depreciated				
Machinery and Equipment	$ 43,273	$ -	$ -	$ 43,273
Less: Accumulated Depreciation	(43,273)	-	-	(43,273)
Schley County Health Department, Capital Assets, Net	$ -	$ -	$ -	$ -

Note 6 – Interfund Balances and Transfers

Due to / from other funds:

The General Fund maintains a central payroll account through which salaries and wages and related taxes and benefits are paid for the general fund and the enterprise funds. In addition, the general fund maintenance department (shop) sells gas and diesel, and repairs vehicles and equipment for the water fund. The funds record receivables and payables for their share of reimbursable expenses and, when funds are available, they make reimbursements to the general fund. The following table represents balances in costs and expenses reimbursable within the governmental funds:

Receivable fund	Payable Fund	Amount
SPLOST 2003-2007	Water Fund	$ 26,480
SPLOST 2003-2007	Sanitation Fund	35,000
SPLOST 2003-2007	General Fund	126,896
Sanitation Fund	Water Fund	4,659
General Fund	Sanitation Fund	37,984
General Fund	Water Fund	125,606
General Fund	SPLOST 2008-2013 Fund	10,016
SPLOST 2008-2013 Fund	General Fund	6,114
		$ 372,755

The County expects the loans from the SPLOST 2003-2007 Fund will be repaid over the next 10 to 15 years. The loans to and from the SPLOST 2008-2013 Fund will be repaid in the following fiscal year. The loans from the General From to the Water and Sanitation Funds will be repaid as funds are available.

Interfund transfers: The following is a summary of interfund transfers for the year:

Transfers In	Transfers Out	Amount
General Fund	Sanitation Fund	$ 77,275
SPLOST 2008-2013	General Fund	18,666
SPLOST 2008-2013	TSPLOST Fund	18,667
		$ 114,608

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, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfers from the General Fund and the TSPLOST Fund to the SPLOST 2008-2013 Fund were to pay for two-thirds of the cost of a motor grader.

Note 7 – Fund Equity

Below are the fund balance classifications for the governmental funds at June 30, 2014:

	General	Transportation Special 1% Sales Tax Fund	Special 1% Sales Tax Fund 2013	Special 1% Sales Tax Fund 2008 - 2013	Non-Major Governmental Funds
Fund Balances					
Non Spendable					
Inventory	$ 13,648	$ -	$ -	$ -	$ -
Long-Term Receivable:					
From Water Fund	-	-	-	-	26,480
From Sanitation Fund	-	-	-	-	35,000
From General Fund	-	-	-	-	126,896
Total Non-Spendable	13,648	-	-	-	188,376
Restricted					
Capital Projects	145,439	141,678	181,810	143,074	3
Law Library	-	-	-	-	30,831
Drug Education	-		-	-	6,624
Jail Maintenance	-	-	-	-	15,379
Clerk of Court	-	-	-	-	5,934
Sheriff's Department	-	-	-	-	11,860
Total Restricted	145,439	141,678	181,810	143,074	70,631
Committed					
Road Projects (LMIG)	-	-	-	-	-
Jail Inmate Services	-	-	-	-	1,835
Total Committed	-	-	-	-	1,835
Unassigned	925,119	-	-	-	-
Total Fund Balances	$ 1,084,206	$ 141,678	$ 181,810	$ 143,074	$ 260,842

NOTE: The Board of Commissioners with the approval of the Georgia Department of Transportation has restricted LMIG funding for this and the next two years for the paving of Green Road.

Note 8 – Short-Term Debt

Primary Government

Changes in Short-Term Debt – The following schedule presents changes in short-term debt during the year ended June 30, 2014:

Business-Type Activities:

	Outstanding 6/30/2013	Additions	Reductions	Outstanding 6/30/2014
Multiple Advance Note	$ 825,726	$ 825,726	$ (825,726)	$ 825,726
Total Business-Type Activities	$ 825,726	$ 825,726	$ (825,726)	$ 825,726

As of June 30, 2014, the County Board of Commissioners had made the following short-term loans with a local bank:

Water Fund: To provide operating cash and funds for installation of additional water lines. Revenues from the Water Fund will be used to repay these loans.

Single Advance loan dated January 6, 2014, was obtained from a local bank; maturity date is December 31, 2014. Interest accrues at 3.250% per annum payable at maturity.	$ 825,726
Accrued interest payable as of June 30, 2014, was $13,194.	

The short-term loan is not collateralized.

Note 9 – Long-Term Debt

Primary Government

Changes in Long-Term Debt – Changes in the County's long-term obligations consisted of the following for the year ended June 30, 2014:

	Outstanding 6/30/2013	Additions	Reductions	Outstanding 6/30/2014	Amounts Due in one Year
Governmental Activities:					
Compensated Absences	$ 17,135	$ 13,052	$ (13,787)	$ 16,400	$ 7,088
Landfill Postclosure Costs	780,435	-	(43,324)	737,111	37,800
Total Governmental Activities	$ 797,570	$ 13,052	$ (57,111)	$ 753,511	$ 44,888

Compensated absences are liquidated by the General Fund. Landfill postclosure costs will be liquidated by the Sanitation Fund and the General Fund.

Business-Type Activities:					
Compensated Absences	$ 3,174	$ 2,714	$ (2,353)	$ 3,535	$ 2,212
Water Revenue Bonds	5,535,165	-	(23,285)	5,511,880	65,403
Total Business-Type Activities	$5,538,339	$ 2,714	$ (25,638)	$ 5,515,415	$ 67,615

Principal and interest payments related to the County's water enterprise fund are financed from income derived from the operation of the water system. Compensated absences are liquidated by the Water and Sanitation Funds.

Note 9 – Long-Term Debt

Primary Government

Landfill post closure costs: In 1996 the Schley County Municipal Solid Waste Landfill (MSWLF) was closed following EPD Guidelines. In accordance with State and Federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. As of June 30, 2014, the County has 12 years of monitoring remaining. The County has contracted with a geotechnical, environmental and construction materials consultant to conduct post-closure monitoring and assessment. This work includes routine monitoring activity and contamination assessment. Based on the consultant's projections of the postclosure care costs for the remaining twelve years, management has estimated the liability to be $737,111. Actual costs may be higher due to changes in inflation, technology or applicable laws or regulations. Post-closure monitoring and assessment costs will be paid from the General and/or Sanitation Fund based on budget.

Water Revenue Bonds:

Series 2003: On April 9, 2003, Schley County issued Water Revenue Bonds, Series 2003, in the principal amount of $1,594,600 to finance part of the cost of a county–wide water distribution, commonly referred to as Phase One. The registered owner of the Bonds is the United States Department of Agriculture, Rural Development. The Bonds are secured by a first and prior pledge of and charge or lien on the revenues of the Water System of Schley County. Beginning May 9, 2004, the County is to make monthly installments of $7,240 which includes interest at 4.50% for a maximum of 468 payments.

The Sinking Fund required to be used in accordance with the issuing Resolution has had no transactions applied since its inception.

The following schedule presents annual payment amortization for the next five years, and in five year increments thereafter for the life of the bonds:

Year Ending June 30,	Interest	Principal
2015	62,522	24,358
2016	61,403	25,477
2017	60,233	26,647
2018	59,009	27,871
2019	57,729	29,151
2020 - 2024	267,283	167,117
2025 - 2029	225,203	209,197
2030 - 2034	172,528	261,872
2035 - 2039	106,590	327,810
2040 - 2043	26,797	300,967
Total	$ 1,099,297	$ 1,400,467

Series 2008: On September 3, 2008, Schley County issued Water Revenue Bonds, Series 2008, in the principal amount of $4,112,400 to finance part of the cost of a county–wide water distribution, commonly referred to as Phase Two. The registered owner of the Bonds is the United States Department of Agriculture, Rural Development. The Bonds are secured by a first lien on the net revenues of the Water System of Schley County, on a parity with the lien thereon securing the Series 2003 bonds. An interest only payment of $179,917.50 was made on the first anniversary, but because it was paid early, $985.87 was applied to principal. Beginning October 3, 2009, the Bonds require monthly installments of $18,342.00 which includes interest at 4.375% for a maximum of 468 payments.

During the fiscal year ended June 30, 2014, no payments were made. The loan is in default. The first installment was made on October 15, 2009, and no subsequent payments have been made. The County Commissioners are in negotiation with the USDA to add customers, sell water to other cities and counties. USDA has not initiated foreclosure, but has required the County to provide it with monthly financial statements and other evidence of efforts to increase sales. In a letter dated April 16, 2010, the USDA requested monthly reports to be filed outlining the County's efforts on getting households to connect to the system as active users. On May 24, 2012, and July 1, 2013, meetings were held at the Schley County Board of Commissioners office to discuss the loan. USDA Rural Development has referred the matter to the national office in Washington, D.C.

Starting in June, 2014 the County began selling water to the City of Ellaville. Receipts from those sales, which average $3,500 per month, have been paid to USDA for application to the series 2008 bonds.

The Sinking Fund required to be used in accordance with the issuing Resolution has had no transactions applied since its inception.

Note 9 – Long-Term Debt (continued)

Primary Government (continued)

Water Revenue Bonds (continued):

The following schedule presents annual payment amortization for the next five years, and in five year increments thereafter for the life of the bonds assuming USDA makes no loan modifications and requires payment of all delinquent interest:

Year Ending June 30,	Interest	Principal
2015	1,029,041	41,046
2016	177,226	42,878
2017	175,312	44,792
2018	173,312	46,792
2019	171,223	48,881
2020 - 2024	821,374	279,146
2025 - 2029	753,255	347,265
2030 - 2034	668,514	432,006
2035 - 2039	563,093	537,427
2040 - 2044	431,948	668,572
2045 - 2049	268,799	831,721
2050 - 2053	71,127	790,888
Total	$ 5,304,224	$ 4,111,414

Interest due in fiscal year 2014 includes accrued interest of $849,983 due as of June 30, 2014.

Component Unit

Schley County Health Department

Long-term activity for the year ended June 30, 2014, was as follows:

	Outstanding 6/30/2013	Additions	Reductions	Outstanding 6/30/2014	Due within One Year
Governmental Activities:					
Compensated Absences	$ 8,040	$ 6,569	$ (8,131)	$ 6,478	$ 4,306

Compensated absences will be paid by the Schley County Health Department.

Note 10 – Defined Benefit Pension Plan

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Schley County Employees (The Plan), which is a defined benefit pension plan. All full-time employees meeting the provisions set out in the Adoption Agreement are eligible on the first day of the month coincident with or following the date the employee completes three years of service.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG

Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document.

Normal retirement (as opposed to early retirement, vested termination or disability retirement) is at age 65 and one year of Plan participation. Upon eligibility to retire, participants are entitled to monthly benefit equal to 0.75% of Average Annual Compensation (the highest average of the participant's compensation over five consecutive plan years during the ten plan years preceding the participant's date of retirement or other termination) multiplied by years of service.

Complete financial statements for the Association County Commissioners of Georgia Third Restated Defined Benefit Plan can be obtained from GEBCorp, 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339. The plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and incremental changes in the cash value of pre-retirement life insurance policies owned by the trust. County contributions are recognized when due and the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable. Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 60% equities and 40% fixed income securities on a cost basis.

The County is required to contribute at an actuarially determined rate annually to the Plan's Trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement as set forth in Section 47-20 of the Georgia Code. Plan participants are not required to contribute to the plan.

The actuarial accrued liability was computed as part of an actuarial valuation as of January 1, 2014. Significant actuarial assumptions used in the valuation include: (a) an assumed rate of return on assets of 7.50% compounded annually, (b) projected salary increases of 3.0%-5.5% per year based on age, and (c) no post-retirement benefit increases. Both (a) and (b) include an expected inflation rate of 3% per year.

The Plan's funding policy provides for contributions under the "Projected Unit Credit" actuarial cost method. The actuarial asset valuation was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percent of pay on a closed basis. The remaining amortization period at January 1, 2013, was estimated to be 10 years.

Annual Pension Cost: The County's annual pension cost and net pension obligation for the pension plan for the current year were determined as follows:

Derivation of Net Pension Obligation (NPO)

Net Pension Obligation (Asset) at 1/1/12	($46,843)
Actual Pension Cost for Prior Year	20,267
Actual Contributions to Plan for Prior Year	(21,617)
Net Pension Obligation (Asset) at 1/1/13	($48,196)

Derivation of Annual Pension Cost

	1/1/14	1/1/13
Annual Required Contribution	$21,382	$20,013
Interest on NPO	(3,615)	(3,631)
Amortization of NPO	3,926	3,885
Annual Pension Cost	$21,693	$20,267

Note 10 – Defined Benefit Pension Plan (continued)

Trend Information for the Plan

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
January 1, 2014	$ 21,693	N/A	N/A	N/A
January 1, 2013	20,267	21,617	107%	(48,196)
January 1, 2012	19,545	21,113	108%	(46,846)
January 1, 2011	19,376	34,408	110%	(45,258)
January 1, 2010	17,870	20,222	113%	(30,226)
January 1, 2009	20,439	23,374	114%	(27,874)
January 1, 2008	19,991	22,900	115%	(24,939)
January 1, 2007	28,298	32,239	114%	(22,030)
January 1, 2006	18,081	21,696	120%	(18,089)
January 1, 2005	21,793	26,996	124%	(14,474)
January 1, 2004	19,440	25,174	129%	(9,271)
July 1, 2003	9,463	13,000	137%	(3,537)

Analysis of funding progress

Measurement Date (year ended December 31,)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) – (1)	(5) Annual Covered Payroll (prior Year)	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2013	$ 193,508	$ 286,192	67.6%	$ 92,684	$ 270,242	34,3%
2012	179,235	279,372	64.2%	100,137	235,537	42.5%
2011	168,576	270,201	62.4%	101,625	242,945	41.8%
2010	145,915	258,788	56.4%	112,873	219,988	51.3%
2009	136,528	253,527	53.9%	116,999	247,010	47.4%
2008	121,996	239,231	51.0%	117,235	300,471	39.0%

The assets and liabilities shown above reflect expected amounts as of the last day of the plan year. These amounts may vary from those used in determining the required contribution, since those calculations use actual amounts as of the first day of the next plan year.

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of actuarial accrued liability provides one indication of funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Plan's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

The "Actuarial Value of Assets" for the years ended December 31, 2009 - 2013, reflects change to asset smoothing adopted by thy ACCG Pension Plan and Trust Board of Trustees.

Note 11 – Deferred Compensation Plan

Schley County has adopted the ACCG Deferred Compensation Program created in accordance with Internal Revenue Code Section 457. The plan is administered by the Governmental Employee Benefits Corporation of Georgia (GEBCorp), 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339. Eligible employees, including elected or appointed officials, may elect to participate in the in the plan. All amounts of compensation deferred, all property rights purchased and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries.

Plan benefit provisions and contribution requirements can be amended by the Board of Commissioners. Schley County is not required to contribute to the plan and the County made no contribution for 2014.

Note 12 – Other Benefit Plans

The County provides certain group health insurance benefits to eligible employees and elected officials who are employed over 90 days and elect the coverage. The County's expense for the year ended June 30, 2014, was $ 64,950.

The County contributes to Georgia Firefighters' Pension Fund which is a duly constituted and organized public entity which is an instrumentality of the State of Georgia and a public agency under Section 47-7 of the Official Code of Georgia Annotated. Firefighters who have 25 years of service become vested. During the year Schley County contributed $6,225 to the Fund.

Note 13 – Employee Benefits – Component Unit

Schley County Health Department

Retirement Plan – The employees of the Health Department participate in the Georgia State Employees Retirement System, a multi-employer, defined-contribution plan. The Plan is administered by the State of Georgia, and accumulated benefits and Plan assets are not determined or allocated to the individual participating governmental entities. The Georgia State Employees Retirement System requires ten years of continuous service to become fully vested. The total retirement contributions to the Georgia State Employees Retirement System for the year ended June 30, 2014, were $15,067 based on qualifying salaries of $81,929. Ten year historical trend information and relevant actuarial information may be obtained from the Employees Retirement System of Georgia.

Note 14 – Risk Management

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined the Georgia Interlocal Risk Management Agency for property and liability insurance 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.

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 pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

There have been no significant reductions of insurance coverage from coverage in the previous year, and settled claims in the past three years have not exceeded the coverage.

Note 15 – Commitments and Contingencies

Litigation:
The County is not involved in any litigation, nor is management aware of any pending litigation against Schley County.

Grant Contingencies:
Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although management expects such amounts, if any to be immaterial.

Debt Burden:
For the year ended June 30, 2014, net position of the Water Fund decreased by $493,033. The Sanitation Fund's net position decreased by $13,545. The Primary Government's total liabilities are $8,082,171, an increase of $133,980 from 2013 balances, primarily due to accrued interest on the USDA Revenue Bonds, Series 2008. Operating bank loans in the Water Fund remained at $825,726. Management and County officials are aware of these deficiencies and continue to increase water customers, and implement cost control policies.

USDA Bond Default:
The Water System Water Revenue Bonds, Series 2008 are in default. Refer to Note 9 above for further discussion.

Courthouse Repair and Renovation:
In July 2011, the County conducted an engineering study of the structural integrity of the courthouse. The report identified problem areas in two corners of the building and the clock

tower that needed immediate attention. Estimated cost to fix these problems is $300,000. The County has allocated SPLOST funds to pay for some of this work and the work was started in the fall of 2014.

Note 16 – Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest, or (b) an ongoing financial responsibility.

River Valley Regional Commission: Under Georgia law, the County, in conjunction with other cities and counties in the eight county west central Georgia area, is a member of the Middle Flint Regional Commission and is required to pay annual dues thereto. During the year ended June 30, 2014, the County paid $3,204 in such dues. Membership in Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Regional Commission's in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from: River Valley Regional Commission, P.O. Box 1908, Columbus, Georgia 31902-4908.

Middle Flint Regional E-911 Authority: Pursuant to the authority granted in OCGA Section 46-5-120 et. Seq., Schley County is a "Participating County", together with Dooly, Macon, Marion, Sumter and Taylor Counties, in the Middle Flint Regional E-911 Authority ("Authority"). The Authority is governed by an eight member board appointed by the participating counties. The Authority maintains custody and control of the equipment and furnishings at the E-911 Center, located in Ellaville, Georgia. Each Participating County holds interest in the title to the equipment in such portion as each county has subscribers as of January 1 of each year. The E-911 Center will receive telephone calls relating to public safety; it will provide emergency call answering services and dispatching. Funding for the E-911 Center is derived from a service charge added to telephone subscribers in the six Participating Counties. Operating costs not covered by the service charge will be paid by the Participating Counties in accordance with their relative number of subscribers. Schley County contributed $10,572 to the Authority during the twelve months ended June 30, 2014.

Financial statements for the Middle Flint Regional E-911 Authority can be obtained from: Middle Flint Regional E-911 Center, 222 Hayes Avenue, Ellaville, Georgia 31806.

Note 17 - Related Organizations

An organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relationship) even though the primary government may appoint a voting majority of the organization's governing board.

Ellaville-Schley County Development Authority: By joint resolution dated June 11, 2013, the Board of Commissioners of Schley County and the City of Ellaville established the Authority under O.C.G.A. 36-62-5.1(a) effective July 1, 2013. The purpose of the Authority is

to promote and expand economic development within the City and County. The governing board will be composed of not less than seven members, three appointed by the County and four appointed by the City. The organization has not been funded; therefore, no financial information is available as of June 30, 2014.

Schley – Sumter – Macon Counties Joint Development Authority: The three counties by separate and concurrent resolutions created the Authority under O.C.G.A. 36-62-5.1 to promote and expand business, industry and trade in Schley, Sumter and Macon Counties, and to attract and support new business industry, to provide increased employment for the citizens living within the jurisdiction of the Authority, and to expand the ad valorem property tax base for the three counties. The Authority is controlled by a nine member board of directors consisting of three members from each county appointed by each Board of County Commissioners. No dues are required or paid by the participating counties.

Financial statements for the Schley – Sumter – Macon Counties Joint Development Authority may be obtained from their office at 409 Elm Avenue, Americus, Georgia 31709.

SUPPLEMENTARY INFORMATION

SCHLEY COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue							Capital Projects	
	Law Library	Drug Forfeiture Fund	Jail Construction Fund	Clerk's Account	Sheriff's Drug Fund	Sheriff's Miscellaneous Account	Jail Inmate Services Fund	Special 1% Sales Tax Fund 2003 - 2007	Total
ASSETS									
Cash and cash equivalents	$ 30,831	$ 6,624	$ 15,379	$ 5,934	$ 10,424	$ 1,436	$ 1,835	$ 3	$ 72,466
Due from Other Funds	-	-	-	-	-	-	-	188,376	188,376
Total assets	$ 30,831	$ 6,624	$ 15,379	$ 5,934	$ 10,424	$ 1,436	$ 1,835	$ 188,379	$ 260,842
LIABILITIES AND FUND BALANCES									
LIABILITIES	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	188,376	188,376
Restricted	30,831	6,624	15,379	5,934	10,424	1,436	-	3	70,631
Committed	-	-	-	-	-	-	1,835	-	1,835
Total fund balances	$ 30,831	$ 6,624	$ 15,379	$ 5,934	$ 10,424	$ 1,436	$ 1,835	$ 188,379	$ 260,842

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	Special Revenue							Capital Projects	
	Law Library	Drug Forfeiture Fund	Jail Construction Fund	Clerk's Account	Sheriff's Drug Fund	Sheriff's Miscellaneous Account	Jail Inmate Services Fund	Special 1% Sales Tax Fund 2003 - 2007	Total
Revenues									
Fines and forfeitures	$ 2,519	$ 1,284	$ 4,574	$ -	$ 600	$ -	$ -	$ -	$ 8,977
Interest income	-	7	26		-	-	-	-	33
Other revenues	-	-	-	2,959	392	1,005	1,384	-	5,740
Total revenues	2,519	1,291	4,600	2,959	992	1,005	1,384	-	14,750
Expenditures									
Current									
General government	-	-	-	-	-	-	-	689	689
Judicial	323	-	-	2,126	-	-	-	-	2,449
Public safety	-	556	19,938	-	4,536	893	1,794	-	27,717
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	323	556	19,938	2,126	4,536	893	1,794	689	30,855
Excess (deficiency) of revenues over (under) expenditures	2,196	735	(15,338)	833	(3,544)	112	(410)	(689)	(16,105)
Other financing sources (uses)									
Transfers in / (out)	-	(1,700)	-	-	1,700	-	-	-	-
Total other financing sources (uses)	-	(1,700)	-	-	1,700	-	-	-	-
Net change in fund balances	2,196	(965)	(15,338)	833	(1,844)	112	(410)	(689)	(16,105)
Fund balances, beginning of year	28,635	7,589	30,717	5,101	12,268	1,324	2,245	189,068	276,947
Fund balances, end of year	$ 30,831	$ 6,624	$ 15,379	$ 5,934	$ 10,424	$ 1,436	$ 1,835	$ 188,379	$ 260,842

SCHLEY COUNTY, GEORGIA
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2014

	Tax Commissioner	Clerk of Court	Sheriff	Probate Court	Magistrate Court	Totals
ASSETS						
Cash	$ (72)	$ 68,374	$ 300	$ 1,034	$ 4,321	$ 73,957
Taxes Receivable (less doubtful accounts)	131,119	-	-	-	-	131,119
Total Assets	$ 131,047	$ 68,374	$ 300	$ 1,034	$ 4,321	$ 205,076
LIABILITIES						
Due to Others	$ 131,047	$ 68,374	$ 300	$ 1,034	$ 4,321	$ 205,076
Total Liabilities	$ 131,047	$ 68,374	$ 300	$ 1,034	$ 4,321	$ 205,076

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended June 30, 2014

	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014
TAX COMMISSIONER				
ASSETS:				
Cash	$ 23,426	$ 4,225,722	$ 4,249,220	$ (72)
Property & Mobile Home Taxes Receivable:				
State, School,	162,198	1,801,649	1,816,148	147,699
Allowance for Uncollected Taxes	(17,672)	-	(1,092)	(16,580)
Total Assets	$ 167,952	$ 6,027,371	$ 6,064,276	$ 131,047
LIABILITIES:				
Due to General Fund	$ -	$ 1,572,138	$ 1,572,138	$ -
Due to Others	167,952	4,455,233	4,492,138	131,047
Total Liabilities	$ 167,952	$ 6,027,371	$ 6,064,276	$ 131,047
CLERK OF COURT				
ASSETS:				
Cash - Clerk of Court	$ 5,880	$ 100,186	$ 100,086	$ 5,980
Cash - Clerk of Escrow	65,299	2,320	5,225	62,394
Total Assets	$ 71,179	$ 102,506	$ 105,311	$ 68,374
LIABILITIES:				
Due to General Fund	$ -	$ 50,409	$ 50,409	$ -
Due to Others	71,179	52,097	54,902	68,374
Total Liabilities	$ 71,179	$ 102,506	$ 105,311	$ 68,374
SHERIFF				
ASSETS:				
Cash - Sheriff	$ 300	$ 3,016	$ 3,016	$ 300
Total Assets	$ 300	$ 3,016	$ 3,016	$ 300
LIABILITIES:				
Due to General Fund	$ -	$ 2,666	$ 2,666	$ -
Due to Others or from Others	300	350	350	300
Total Liabilities	$ 300	$ 3,016	$ 3,016	$ 300

(Continued)

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended June 30, 2014

(Continued)

	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014
PROBATE JUDGE				
ASSETS:				
Cash	$ 920	$ 69,639	$ 69,525	$ 1,034
Total Assets	$ 920	$ 69,639	$ 69,525	$ 1,034
LIABILITIES:				
Due to General Fund	$ -	$ 42,333	$ 42,333	$ -
Due to Others	920	27,306	27,192	1,034
Total Liabilities	$ 920	$ 69,639	$ 69,525	$ 1,034
MAGISTRATE COURT				
ASSETS:				
Cash Operating	$ 2,656	$ 17,497	$ 17,795	$ 2,358
Cash - Garnishment	3,442	13,785	15,264	1,963
Total Assets	$ 6,098	$ 31,282	$ 33,059	$ 4,321
LIABILITIES:				
Due to General Fund	$ -	$ 11,169	$ 11,169	$ -
Due to Others	6,098	20,113	21,890	4,321
Total Liabilities	$ 6,098	$ 31,282	$ 33,059	$ 4,321
TOTAL				
ASSETS				
Cash	$ 101,923	$ 4,432,165	$ 4,460,131	$ 73,957
Taxes Receivable	162,198	1,801,649	1,816,148	147,699
Allowance for Uncollected Taxes	(17,672)	-	(1,092)	(16,580)
Total Assets	$246,449	$6,233,814	$6,275,187	$205,076
LIABILITIES				
Due to General Fund	$ -	$ 1,678,715	$ 1,678,715	$ -
Due to Others	246,449	4,555,099	4,596,472	205,076
Total Liabilities	$ 246,449	$ 6,233,814	$ 6,275,187	$ 205,076

SCHLEY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2003 - 2007 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Year Ended June 30, 2014

PROJECT	ORIGINAL ESTIMATED COSTS	PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
RECREATION					
To Develop Future Fields	$ 30,000.00	$ 38,527.44	$ -	$ 38,527.44	130%
Refrigerators for Gym		196.00	-	196.00	
Tables for Gym		299.00	-	299.00	
Gym/Building Repair	20,000.00	18,026.38	-	18,026.38	90%
FIRE DEPARTMENT					
1/2 cost of Class "A" Pumper Truck	50,000.00	38,962.27	-	38,962.27	98%
(The following were not identified in the Resolution):					
Radios for Fire Department		5,083.80	-	5,083.80	
Turn-out Gear		4,715.00	-	4,715.00	
ROAD DEPARTMENT EQUIPMENT	255,000.00				104%
Small Dump Truck		19,734.00	-	19,734.00	
Motor Grader		99,413.33	-	99,413.33	
Backhoe					
Trencher		40,226.34	-	40,226.34	
(The following were not identified in the Resolution):					
1984 International S1900		4,018.00	-	4,018.00	
Bucket Truck F-700		3,218.00	-	3,218.00	
Steel Wheel Roller		2,500.00	-	2,500.00	
Post Hole Digger		449.35	-	449.35	
Van		19,742.00	-	19,742.00	
Computers		1,415.65	-	1,415.65	
Radios		1,633.80	-	1,633.80	
Cat 307B Hydraulic Excavator		33,175.00	-	33,175.00	
Cat D3C Crawler		20,175.00	-	20,175.00	
Cat 613 Tractor Motor Scraper		20,000.00	-	20,000.00	
Sprayer		579.39	-	579.39	
GENERAL	197,000.00				71%
Courthouse repair		55,281.90	-	55,281.90	
Health & Welfare Building Repair		10,167.71	-	10,167.71	
Other Building Repair		31,466.32	-	31,466.32	
Roll-Up Doors at Public Safety Building		14,100.00	-	14,100.00	
(The following were not identified in the Resolution):					
Metal Detector for Courthouse		7,850.00	-	7,850.00	
Legal Fees		331.89	-	331.89	
Gas heater for Library		153.00	-	153.00	
2003 Chevrolet Caviler		9,145.00	-	9,145.00	
Vehicle for County Administrator		10,650.00	-	10,650.00	
Check Printing Charge		53.92	-	53.92	
Bank service charges		226.60	-	226.60	
Dell Financial (undocumented)		368.00	-	368.00	
4-Executive chairs			450.00	450.00	
Vacuum; & Rug			239.43	239.43	
AMBULANCE	70,000.00	72,456.00	-	72,456.00	110%
Stretcher		3,585.00	-	3,585.00	
Radios for Ambulance		251.50	-	251.50	
Lights at EMS		$480.00	-	480.00	
Total County projects	622,000.00	588,656.59	689.43	589,346.02	95%
Tax allocation paid to City of Ellaville	622,000.00	764,629.69	-	764,629.69	123%
	$ 1,244,000.00	$ 1,353,286.28	$ 689.43	$ 1,353,975.71	

NOTES:
1. The County follows the cash basis of accounting in preparing this schedule. The method is inconsistent with the preparation of the County's financial statements.
2. On August 20, 2002, the voters of Schley County approved a special 1% sales tax to become effective January 1, 2003. This Special Purpose Sales Tax is a joint effort with the City of Ellaville, Georgia. The County received 100% of the distributions from the State of Georgia and in turn was to distribute 50% of that to the City. The SPLOST expired on December 31, 2007.
3. Unbudgeted expenditures are deemed appropriate by County management under the provisions of the Resolution.
4. In addition to the expenditures not identified in the resolution, above, $121,895.71 has been loaned to the General Fund, $26,480.00 has been loaned to the Water Fund, $35,000 has been loaned to the Sanitation Fund, and $5,000 has been paid directly to the Recreation Department on behalf of the General Fund for its quarterly operating subsidy. These loans total $188,375.71, are to be repaid.
5. At June 30, 2014, the SPLOST bank account reported a balance of $3.03.
6. $1,352.21 of interest had been earned on the account since inception.

SCHLEY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2008 - 2013 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Year Ended June 30, 2014

PROJECT	ORIGINAL ESTIMATED COSTS	PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
Renovation of Public Facilities					
Including the Courthouse	$ 500,000.00	$ -		$ 428,344.88	86%
Engineering study for old courthouse		2,992.50			
New Courthouse annex building		316,270.00			
Furniture & equipment		4,500.00			
Security cameras		2,980.00			
Renovations to old courthouse		82,310.64	780.00		
Bat removal at old courthouse		889.95			
Phone system for new courthouse annex		10,016.73			
Christmas lights for courthouse *			7,605.06		
Renovations and Improvements to the Existing Recreational Facilities	250,000.00	239,332.00	-	248,813.92	100%
Mower and Trimmer for Fields *		7,599.95			
Stump Removal *		359.37			
Transfer to Recreation Authority *		1,522.60			
Purchase Class A Pumper Fire Truck	180,000.00	-	76,264.25	76,264.25	42%
Purchase New Ambulance	90,000.00	-	-	-	0%
Renovation and New Addition to County Maintenance Shop	50,000.00	-	-	-	0%
Repairs to the Gymnasium	40,000.00	425.00	-	425.00	1%
Purchase three (3) Sheriff's Vehicles	90,000.00	84,836.02		101,076.02	112%
Camera System for Sheriff's Office *		16,240.00			
Purchase of Equipment for the Road Department including Dump truck, Two (2) Tractors, Two (2) Mowers	165,000.00	117,453.81		184,595.47	112%
Motorgrader			19,166.66		
Durapatcher			47,975.00		
Renovations of Public Facilities Including Fire Stations	60,000.00	-	-	-	0%
Additional Covered Storage	30,000.00	-	-	-	0%
Purchase of Rescue Truck, Purchase of Extraction Tools, Additional Share of Purchasing Fire Truck	70,000.00	28,330.70	-	37,540.26	54%
Fire Fighting Supplies & shipping *		7,129.56	2,080.00		
Bank Charges	-	1,686.03	-	1,686.03	
Total County projects	1,525,000.00	924,874.86	153,870.97	1,078,745.83	71%
Tax allocation paid to City of Ellaville	775,000.00	602,731.07	18,314.34	621,045.41	80%
	$ 2,300,000.00	$ 1,527,605.93	$ 172,185.31	$ 1,699,791.24	74%
Funds transferred in from other funds for Motorgrader			37,333.34	37,333.34	
Total 2008-2013 SPLOST expenditures			$ 209,518.65	$ 1,737,124.58	

NOTES:

1. The County follows the cash basis of accounting in preparing this schedule. The method is inconsistent with the preparation of the County's financial statements. There are no differences between the current year expenditures reported on this schedule and the expenditures reported on the Statement of Revenues, Expenditures and Changes in Fund Balances on Page 6.
2. On March 20, 2007, the voters of Schley County approved a special 1% sales tax to become effective January 1, 2008. This Special Purpose Sales Tax is a joint effort with the City of Ellaville, Georgia. The County receives 100% of the distributions from the State of Georgia and in turn distributes funds to the City as required.
3. Unbudgeted expenditures are designated by *. County management considers these expenditures to be appropriate under the provisions of the Resolution.
4. The County and the City of Ellaville have never formally adopted the Intergovernmental Agreement.
5. The SPLOST referendum expired on June 30, 2013.
6. At June 30, 2014, the SPLOST bank account reported a balance of $146,975.86, and $1,558.33 of interest had been earned on the account since its inception.

SCHLEY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2013 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Year Ended June 30, 2014

PROJECT	ORIGINAL ESTIMATED COSTS	PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
Courthouse Renovation/Expansion	$ 400,000.00	$ -	$ -	$ -	0%
Community/Recreation Center	250,000.00	-	-	-	0%
Fire Truck (Class A Pumper)	110,000.00	-	-	-	0%
Ambulance	90,000.00	-	-	-	0%
Building Repairs	140,000.00	-	1,250.00	1,250.00	1%
3- Sheriff Vehicles	100,000.00	-	40,254.64	40,254.64	40%
Road Department Equipment					
Pick-up Truck	25,000.00	-	-	-	0%
Front-End Loader	80,000.00	-	-	-	0%
Dump Truck	50,000.00	-	-	-	0%
Road Equipment	85,000.00	-	-	-	0%
Fire Station	100,000.00	-	-	-	0%
Additional Covered Storage	30,000.00	-	-	-	0%
Rescue Truck	40,000.00	-	-	-	0%
Extreaction Tools & Equipment	75,000.00	-	-	-	0%
Total County projects	1,575,000.00	-	41,504.64	41,504.64	3%
Tax allocation paid to City of Ellaville	725,000.00	-	78,726.52	78,726.52	11%
	$ 2,300,000.00	$ -	$ 120,231.16	$ 120,231.16	5%

NOTES:
1. The County follows the cash basis of accounting in preparing this schedule. The method is inconsistent with the preparation of the County's financial statements. There are no differences between the current year expenditures reported on this schedule and the expenditures reported on the Statement of Revenues, Expenditures and Changes in Fund Balances on Page 7.
2. On November 6, 2012, the voters of Schley County approved a special 1% sales tax to become effective July 1, 2013. This Special Purpose Sales Tax is a joint effort with the City of Ellaville, Georgia. The County receives 100% of the distributions from the State of Georgia and in turn distributes funds to the City as required.
6. At June 30, 2014, the SPLOST bank account reported a balance of $158,133.13.

COMPLIANCE SECTION

CHAMBLISS, SHEPPARD, ROLAND
& ASSOCIATES, LLP

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

Board of Commissioners of
Schley County, Georgia
Ellaville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Schley County, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Schley County's basic financial statements, and have issued our report thereon dated December 29, 2014. Our opinions were modified for the following reasons:

Basis for Qualified Opinions

The financial statements of the Ellaville-Schley County Recreation Authority have not been audited, and we were not engaged to audit the Ellaville-Schley County Recreation Authority as part of our audit of the County's basic financial statements. Furthermore, the financial statements of the Ellaville-Schley County Recreation Authority are prepared on the cash basis of accounting. The effects of these omissions were not practicable to determine. The Ellaville-Schley County Recreation Authority's financial activities are included in the County's basic financial statements as a discretely presented component unit and represent 25.82 percent, 24.35 percent, and 38.61 percent of the assets, net position, and revenues, respectively of the County's discretely presented component units.

Internal Control Over Financial Reporting

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

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 over financial reporting that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, 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 deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses. (14-3).

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 deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. (14-01, 14-02, and 14-04 through 14-11)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Schley County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 14-07, 14-09, 14-10, and 14-11.

We noted certain matters that we reported to management of Schley County, Georgia, in a separate letter dated December 29, 2014.

Schley County's Response to Findings

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

Purpose of this Report

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

Chambless Hoggard Roland & Associates LLP

Americus, Georgia
December 29, 2014

SCHLEY COUNTY, GEORGIA

Schedule of Findings and Responses
For the Year Ended June 30, 2014

Section I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	*Unmodified for all opinion units, except Qualified for Component Unit: Ellaville-Schley County Recreation Authority.*
Internal control over financial reporting: Material Weaknesses identified:	_X_ yes __no
Significant deficiencies identified not considered to be material weaknesses?	_X_ yes __no
Noncomliance material to financial statements noted?	_X_ yes __no

Federal Awards

There was not an audit of federal award programs as of June 30, 2014, due to the total amount expended being less than $500,000.

Section II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

14-01 Segregation of Duties

Criteria: Internal control should be in place to assure that funds and assets cannot be misappropriated and go undetected during the normal course of business.

Condition: There is not sufficient segregation of duties in the offices of the elected officials and the Board of Commissioners office, including the enterprise funds, related to accounting functions.

Context: We noted the above conditions during performance of audit procedures including: internal control walkthroughs, inquiry and observation, and the completion of audit workpapers.

Effect: Because of lack of segregation of duties between operating, recording and custodial functions, including reconciliation of accounts, County assets and resources are susceptible to waste, fraud and inefficiency.

Cause: The lack of segregation of duties is due to the limited number of individuals in each office to perform all of the duties.

Recommendation: The County should provide additional knowledgeable accounting staff for the elected officials and the Board of Commissioners office to allow for accounting and supervisory duties to be separated.

Management's Comments: We concur with the finding. Schley County presently has an experienced County Administrator who oversees the day-to-day operations and is aware of the risks associated with this finding. There are no further plans to add additional accounting staff.

14-02 Expenditures in Excess of the Budget

Criteria: State law provides that Schley County adopt an annual balanced budget and follow procedures that limit expenditures exceeding the budget at the Department level.

Condition: Budget amendment was not utilized. Careful monitoring of expenditures compared to budget would alert management and the public to budget violations, and possible misuse of County resources.

Context: Minutes of the Schley County Board of Commissioners record that financial reports are submitted, presented or otherwise distributed to the Commissioners. The minutes do not record any consideration of budget overages and how to resolve them.

Effect: Budgets for at least 14 departments or line items exceeded the budget by at least $166,173.

Cause: County Commissioners were not alerted to potential budget overruns so that budget amendments could be made timely.

Recommendation: The budget should be amended as often as necessary to provide for source of funds for unbudgeted expenditures.

Management's Response: We concur with the finding. Local Maintenance and Improvement Grant (LMIG) funds of $126,000 were used for road paving. This would make the excess only $40,173. The County Administrator will give a financial report at each Commissioners meeting which includes notice of departments that are in danger of exceeding budget. Schley County adopted a purchase order system, and implemented it in March, 2014.

14-03 Unapproved Disbursement from General Fund for Water Fund

Criteria: Disbursements by one fund on behalf of another fund should be authorized by the Board of Commissioners by either budget amendment or interfund loan.

Condition: Water Fund bank loan matured on December 31, 2013. Funds were not available so the General Fund paid the loan interest.

Context: Minutes of the Schley County Board of Commissioners did not include any discussion of the maturity of the Water Fund loan, the payment of accrued interest, and the renewal of the loan.

Effect: The General Fund paid bank loan interest for the Water Fund in the amount of $26,910.64.

Cause: The bank loan matured. The Commissioners acted to pay the interest and renew the loan from the available source of funds.

Recommendation: The maturity of the Water Fund loan should be discussed by the Board of Commissioners and they should make a decision to pay it off or renew it. If funds are not available in the Water Fund, they should authorize an interfund loan or authorize a interfund transfer by approving a budget amendment.

Management's Response: We concur with the finding. At the next loan maturity date the Board of Commissioners will take official action to pay-off or renew the loan and we will take official action if interfund borrowing or transfers are needed.

14-04 Accounting Procedures and Financial Reporting

Criteria: Sound fiduciary responsibility and state law require that comprehensive accurate financial reports be prepared and presented at regular public meetings of the County Commissioners.

Condition: Financial statements are prepared following the cash basis of accounting. Significant amounts of unpaid liabilities and debt exist but are not reported.

Context: Financial statements provided to us for audit did not include all accounts, assets, liabilities, and fund balances under the County's responsibility and control.

Effect: Incomplete presentation of the financial condition of the County could lead to poor decisions and jeopardize future progress.

Cause: Financial reporting system was designed to report cash receipts and disbursements.

Recommendation: Financial statements should be improved to include accrual for unpaid liabilities, outstanding receivables (both internal and external), inventories and other assets and liabilities.

Management's Response: We concur with the finding. We believe our present financial reporting is adequate, however, the County Administrator and the County Clerk will develop reporting procedures to include unpaid liabilities, outstanding receivables, inventories and other assets.

14-05 Tax Commissioner's Accounting

Criteria: The accounting system in the office of the Tax Commissioner should be designed to provide that receipts are recorded accurately and promptly, and accurately disbursed and recorded in accordance with applicable allocation criteria.

Condition: The Tax Commissioner had not prepared bank reconciliations.

Context: Tax Commissioner's cash balancing and reconciling procedures.

Effect: Cash has accumulated in the Tax Commissioners over many years due to inefficient balancing and reconciliation procedures. Also, errors have occurred where disbursements are made in excess of amounts collected.

Cause: Ineffective procedures to balance receipts and disbursements.

Recommendation: All bank accounts should be reconciled monthly prior to disbursement of funds.

Management's Response: I have developed a procedure where I record daily deposits on a work-sheet and compare that to daily reports from my computerized accounting system. Each month total deposits are reconciled to the bank statement and to entries in the cash book. Monthly disbursements are reconciled to the cash book.

14-06 Accounting Procedures and Reporting for SPLOST 2003 – 2007 Fund

Criteria: Special Purpose Local Option Sales Tax is to be used for purposes approved in the referendum.

Condition: Inappropriate disbursements were made from 2004 through 2006. These disbursements caused SPLOST funds to be commingled with other funds. Schley County Board of Commissioners approved a resolution authorizing that the repayment of these disbursements be forgiven.

Effect: As of June 30, 2014, $126,895.71 had been disbursed to the County General Fund for operations or payroll; $35,000 had been disbursed to the Sanitation Fund for operations; and $26,480 had been disbursed to the Water Fund for operations. The disbursements were not authorized.

Cause: In prior years cash needs for County general and enterprise fund operations were supplemented by temporary transfers from SPLOST.

Recommendation: Unallowable disbursements to the General, Sanitation and Water Funds should be repaid to the SPLOST 2003 – 2007 Fund as soon as possible. The funds should be used for the purposes that the voters approved in the referendum. Any excess should be used in accordance with State law (OCGA 48-8-121(g)(1)(B)).

Management's Response: We concur with the finding. The Board of Commissioners has made a decision to repay the funds at the rate of $10,000 to $15,000 per year.

14-07 Budgets for Special Revenue Funds

Criteria: State law requires each unit of local government to adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government.

Condition: Annual balanced budgets were not adopted for the Law Library Fund, Drug Forfeiture Fund, Jail Construction Fund, Sheriff's Drug Fund, Clerk's Account, or the Jail Inmate Services Fund.

Effect: Non-compliance with state statute. Budgets and budgetary accounting and reporting of special funds aid management in their responsibilities for accurate communication of their use to the citizens.

Recommendation: The County should adopt an annual balanced budget for all special revenue funds. Reports should be made to the County Commissioners as often as necessary to provide reasonable fiscal oversight.

Management's Response: We concur with the finding. We will include special revenue funds in our budget procedures for fiscal year end June 30, 2016.

14-08 Excess Funds in Superior Court Clerk's Escrow Account

Criteria: Funds held in escrow should be supported by court documents.

Condition: Monies are on deposit in the Clerk's Escrow account that does not have adequate documentation of source or purpose.

Effect: At June 30, 2014, $2,108 is on deposit in the Clerk's Escrow account for which no documentation can be found. Also, $2,577 is held in the escrow account for five cases dating back to 2005. During the fiscal year ended June 30, 2014, the clerk transferred $3,000 from the escrow account to County General Fund for a 2009 case for which she was unable to locate the defendant and she determined the case was settled.

Recommendation: The Clerk should advise the Superior Court judge of these monies and request authorization to disburse them.

Management's Response: We concur with the finding. The Superior Court Clerk will work to clear the undocumented funds.

14-09 Accounts required by the Schley County Water Revenue Bonds, Series 2003, and Series 2008

Criteria: The Bond Resolution of the Schley County Water Revenue Bonds, Series 2003 and Series 2008, requires establishment and use of the Debt Service Account and the Reserve Account within the Sinking Fund.

Condition: The Debt Service Account and the Reserve Account have not been properly funded and used in accordance with the Resolution.

Effect: The Debt Service Account (known as the Bond Payment Account) was not funded on a regular monthly basis as required by Section 502 of the Resolution. Debt service payments have been paid by check directly from the Water Fund Operating Account. The Reserve Account has never been funded and the bank closed the account due to inactivity.

Recommendation: We recommend that the funds required by the Bond Resolution be maintained in accordance with the requirements, and that debt service be regarded with high priority.

Management's Response: We concur with the finding. Revenues have not been sufficient to fund all the required accounts. Although we do not expect revenues to be sufficient in the near future to fund these accounts, we have begun selling water to the City of Ellaville and those proceeds will be paid to USDA to be applied to our Series 2008 bonds. We will strive to adhere to the requirements of the Bond Resolution.

14-10 Default on Schley County Water Revenue Bonds, Series 2008

Criteria: The bond indenture requires regular monthly debt service payments.

Condition: The County Water System has failed to make debt service payments in accordance with the bond indenture.

Effect: The USDA considers the bonds past due and has required the County to take steps to remedy the situation, by requiring the County to make regular reports to USDA regarding the plans and procedures to generate revenue. Additionally, USDA has required the County to provide regular financial reports.

Recommendation: We recommend that the County continue to aggressively seek new water customers, either individual households and businesses, or sales to neighboring counties and cities.

Management's Response: We concur with the finding. Revenues have not been sufficient to make debt service payments on schedule, and we do not expect revenues to be sufficient in the near future. However, in June, 2014, we negotiated a contract to sell water to the City of Ellaville, and the proceeds of those sales will be paid to USDA to be applied to the Series 2008 bonds.

14-11 Newspaper publication of SPLOST projects

Criteria: Georgia Code Section 48-8-122 requires annual reporting in the newspaper of a simple, nontechnical report which shows for each project or purpose in the resolution or ordinance calling for imposition of the tax the original estimated cost, the current estimated cost if it is not the original estimated cost, amounts expended in prior years, amounts expended in the current year, any excess proceeds which have not been expended for a project or purpose, estimated completion date, and the actual completion cost of a project completed during the current year.

Condition: The County did not publish the required report before December 31, 2013.

Effect: The citizens of the County are not properly informed of the use of SPLOST funds.

Recommendation: We recommend that the County immediately publish the required report in the official legal newspaper.

Management's Response: We concur with the finding. We will take immediate action to have the required report published

Section III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

SCHLEY COUNTY, GEORGIA
Status of Prior Year Findings
As of June 30, 2014

13-01 Segregation of Duties

Criteria: Internal control should be in place to assure that funds and assets cannot be misappropriated and go undetected during the normal course of business.

Condition: There is not sufficient segregation of duties in the offices of the elected officials and the Board of Commissioners office, including the enterprise funds, related to accounting functions.

Auditee Response/ Status: Unresolved. See current finding 14-01.

13-02 Capital Asset Purchasing

Criteria: State law and Schley County policies require competitive bids to be obtained for certain purchases over designated dollar amounts.

Condition: Purchases of certain capital assets were not sufficiently documented, the results of which could have resulted in unfavorable prices to the County.

Auditee Response/ Status: Resolved.

13-03 Expenditures in Excess of the Budget

Criteria: State law provides that Schley County adopt an annual balanced budget and follow procedures that limit expenditures exceeding the budget at the Department level.

Condition: Budget amendment was not utilized. Careful monitoring of expenditures compared to budget would alert management and the public to budget violations, and possible misuse of County resources.

Auditee Response/ Status: Unresolved. See current finding 14-02.

13-04 Accounting Procedures and Financial Reporting

Criteria: Sound fiduciary responsibility and state law require that comprehensive accurate financial reports be prepared and presented at regular public meetings of the County Commissioners.

Condition: Financial statements are prepared following the cash basis of accounting. Significant amounts of unpaid liabilities and debt exist but are not reported.

Auditee Response/ Status: Unresolved. See current finding 14-04.

SCHLEY COUNTY, GEORGIA
Status of Prior Year Findings
As of June 30, 2014

13-05 Tax Commissioner's Excess Cash on Hand

Criteria: The accounting system in the office of the Tax Commissioner should be designed to provide that receipts are recorded accurately and promptly, and accurately disbursed and recorded in accordance with applicable allocation criteria.

Condition: At the office of the Tax Commissioner, $23,425.46 remained in the operating account at June 30, 2013, after payment of June receipts. Additionally, the Tax Commissioner had not prepared bank reconciliations.

Auditee Response/ Status: Partially resolved. In May, 2014 the Tax Commissioner paid out $20,000 allocated to the School, School Bond and the County. See current finding 14-05.

13-06 Accounting Procedures and Reporting for SPLOST 2003 – 2007 Fund

Criteria: Special Purpose Local Option Sales Tax is to be used for purposes approved in the referendum.

Condition: Inappropriate disbursements were made from 2004 through 2006. These disbursements caused SPLOST funds to be commingled with other funds. Schley County Board of Commissioners approved a resolution authorizing that the repayment of these disbursements be forgiven.

Auditee Response/ Status: Resolved.

13-07 Budgets for Special Revenue Funds

Criteria: State law requires each unit of local government to adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government.

Condition: Annual balanced budgets were not adopted for the Law Library Fund, Drug Forfeiture Fund, Jail Construction Fund, Sheriff's Drug Fund, Clerk's Account, or the Jail Inmate Services Fund.

Auditee Response/ Status: Unresolved. See current finding 14-07.

SCHLEY COUNTY, GEORGIA
Status of Prior Year Findings
As of June 30, 2014

13-08 Incomplete or Inadequate Intergovernmental Agreement SPLOST 2008 – 2013

Criteria: The Official Code of Georgia Section 48-8-115(b)(2)(A)(1) provides that where an intergovernmental agreement has not been entered into and the tax resolution calls for one or more level one county-wide projects (namely, the courthouse renovation for an estimated cost of $500,000), then the tax shall be levied for a five-year period.

Condition: Distributions of SPLOST 2008 - 2013 to the City of Ellaville are not based on a signed Intergovernmental Agreement.

Auditee Response/ Status: Resolved.

13-09 Accounts required by the Schley County Water Revenue Bonds, Series 2003, and Series 2008

Criteria: The Bond Resolution of the Schley County Water Revenue Bonds, Series 2003 and Series 2008, requires establishment and use of the Debt Service Account and the Reserve Account within the Sinking Fund.

Condition: The Debt Service Account and the Reserve Account have not been properly funded and used in accordance with the Resolution.

Auditee Response/ Status: Unresolved. See current year finding 14-09.

13-10 Default on Schley County Water Revenue Bonds, Series 2008

Criteria: The bond indenture requires regular monthly debt service payments.

Condition: The County Water System has failed to make debt service payments in accordance with the bond indenture.

Auditee Response/ Status: Partially resolved. Beginning in July, 2014, the County is making monthly payments to USDA for application to the Series 2008 outstanding bond debt. See current year finding 14-10.