SCHLEY COUNTY, GEORGIA

FINANCIAL REPORT

For the Fiscal Year Ended
JUNE 30, 2015

SCHLEY COUNTY, GEORGIA
Annual Financial Report
For the Year Ended June 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for opinion on the Ellaville-Schley County Recreation Authority, a discretely presented component unit.

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 Disclaimer of Opinion

The financial statements of the Ellaville-Schley County Recreation Authority for the year ended December 31, 2014, have not been prepared. The Ellaville-Schley County Recreation Authority's financial activities should be included in the County's basic financial statements as a discretely presented component unit. We were not engaged to audit the Ellaville-Schley County Recreation Authority as part of our audit of the County's basic financial statements. The effect of the omission was not practicable to determine.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" section, we have not been able to obtain sufficient appropriate audit evidence to provide the basis for an audit opinion of the Ellaville-Schley County Recreation Authority, a discretely presented component unit for Schley County, Georgia. Accordingly, we do not express an opinion on the financial statements of the Ellaville-Schley County Recreation Authority.

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, 2015, 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.

Emphasis of Matter

As discussed in Notes 10 and 19, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* as of July 1, 2014. These standards significantly changed the accounting for the County's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter

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.

The Schedule of changes in the County's net pension liability and the schedule of County contributions (on pages 47 and 48) are required by accounting principles generally accepted in the United States to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting

Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 February 1, 2016 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.

Chamblin Sheppard Roland & Associates LLP

Americus, Georgia
February 1, 2016

FINANCIAL SECTION

SCHLEY COUNTY, GEORGIA
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Schley County Department of Public Health	Ellaville - Schley County Recreation Authority
ASSETS					
Cash	$ 1,571,258	$ 22,954	$ 1,594,212	$ 53,005	$ -
Receivables (Net, where applicable, of allowances for uncollectible):					
Property taxes	38,841	-	38,841	-	-
Sales taxes	98,772	-	98,772	-	-
Accounts	87,758	61,904	149,662	-	-
Intergovernmental	18,914	-	18,914	9,735	-
Inventory	12,934	53,514	66,448	-	-
Prepaid items	55,533	-	55,533	-	-
Internal balances	192,387	(192,387)	-	-	-
Restricted Cash	-	47,168	47,168	-	-
Capital assets, nondepreciable	478,218	10,000	488,218	-	-
Capital assets, depreciable net of accumulated depreciation	1,665,090	11,170,577	12,835,667	-	-
Total Assets	4,219,705	11,173,730	15,393,435	62,740	-
DEFERRED OUTFLOWS OF RESOURCES					
Employer pension contributions	-	-	-	17,938	-
LIABILITIES					
Accounts payable	107,122	4,520	111,642	-	-
Due to other governments	-	-	-	8,007	-
Accrued wages and payroll liabilities	14,411	606	15,017	-	-
Compensated absences due, within one year	9,526	2,265	11,791	5,631	-
Landfill postclosure care costs, due within one year	50,300	-	50,300	-	-
Accrued interest payable	-	987,837	987,837	-	-
Short-term loan	-	784,690	784,690	-	-
Bonds payable, due within one year	-	66,522	66,522	-	-
Net pension liability	129,332	-	129,332	111,881	-
Compensated absences, due in more than one year	7,851	1,341	9,192	5,192	-
Customer deposits	-	46,260	46,260	-	-
Landfill postclosure care costs, due in more than one year	629,891	-	629,891	-	-
Bonds payable, due in more than one year	-	5,421,004	5,421,004	-	-
Total Liabilities	948,433	7,315,045	8,263,478	130,711	-
DEFERED OUTFLOWS OF RESOURCES					
Proportionate share of collective deferred inflows of resources - pension	-	-	-	27,307	-
NET POSITION					
Net investment in capital assets	2,143,308	5,693,051	7,836,359	-	-
Restricted for:					
Capital projects	876,608	-	876,608	-	-
Judicial purposes	36,122	-	36,122	-	-
Public safety purposes	35,118	-	35,118	-	-
Jail inmates	2,289	-	2,289	-	-
Health and welfare functions	-	-	-		-
Unrestricted	177,827	(1,834,366)	(1,656,539)	(77,340)	-
Total Net Position	$ 3,271,272	$ 3,858,685	$ 7,129,957	$ (77,340)	$ -

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

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 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	$ 631,782	$ 71,121	$ -	$ -	$ (560,661)	$ -	$ (560,661)	$ -	$ -
Judicial	246,516	80,561	-	-	(165,955)	-	(165,955)	-	-
Public Safety	887,440	78,429	11,020	36,114	(761,877)	-	(761,877)	-	-
Public Works	467,003	187,609	143,405	-	(135,989)	-	(135,989)	-	-
Health and Welfare	56,827	-	-	-	(56,827)	-	(56,827)	-	-
Culture and Recreation	96,197	-	-	-	(96,197)	-	(96,197)		
Housing and Development	24,727	-	-	-	(24,727)	-	(24,727)	-	-
Total Governmental Activities	2,410,492	417,720	154,425	36,114	(1,802,233)	-	(1,802,233)	-	-
Business-Type Activities:									
Water Department	739,795	317,375	-	-	-	(422,420)	(422,420)	-	-
Sanitation Department	274,132	185,026	-	-	-	(89,106)	(89,106)	-	-
Total Business-Type Activities	1,013,927	502,401	-	-	-	(511,526)	(511,526)	-	-
Total Primary Government	$ 3,424,419	$ 920,121	$ 154,425	$ 36,114	(1,802,233)	(511,526)	(2,313,759)		
Component Units:									
Schley County Health Department	148,142	23,893	103,366	-	-	-	-	$ (20,883)	$ -
Ellaville-Schley County Recreation Authority	-	-	-	-	-	-	-	-	-
Total Component Units	$ 148,142	$ 23,893	$ 103,366					(20,883)	-
General revenues:									
Taxes:									
Property Taxes					1,322,139	-	1,322,139	-	-
Sales					760,563	-	760,563	-	-
Insurance Premium Tax					156,739	-	156,739	-	-
Other Taxes					97,408	-	97,408	-	-
Allotments from Participating Local Government					-	-	-	34,000	-
Interest Earnings					1,156	-	1,156	48	-
Rental Earnings					37,567	-	37,567	-	-
Gain / (Loss) on Sale of Capital Assets					(25,792)	-	(25,792)	-	-
Reimbursed Landfill Postclosure Expenses					-	18,618	18,618	-	-
Miscellaneous					7,708	-	7,708	-	-
Special item-transfer in of compensated absence liability					-	-	-	(6,179)	-
Transfers					(68,048)	68,048	-	-	-
Total general revenues and transfers					2,289,440	86,666	2,376,106	27,869	-
Change in net position					487,207	(424,860)	62,347	6,986	-
Net position - Beginning of Year, as restated					2,784,065	4,283,545	7,067,610	(84,326)	-
Net position - ending of year					$ 3,271,272	$ 3,858,685	$ 7,129,957	$ (77,340)	$ -

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	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	$ 1,151,727	$ 170,102	$ 147,763	$ 27,737	$ 73,929	$ 1,571,258
Receivables (net of allowance for uncollectible)	154,311	44,188	26,872	18,914	-	244,285
Inventories	12,934	-	-	-	-	12,934
Prepaid Items	55,533	-	-	-	-	55,533
Due from Other Funds	162,864	-	-	6,114	188,376	357,354
Total Assets	1,537,369	214,290	174,635	52,765	262,305	2,241,364
LIABILITIES						
Accounts Payable	69,326	1,812	35,984	-	-	107,122
Accrued Salaries and Payroll Liabilities	14,411	-	-	-	-	14,411
Due to Other Funds	133,010	-	3,899	27,658	400	164,967
Total Liabilities	216,747	1,812	39,883	27,658	400	286,500
DERERRED INFLOWS OF RESOURCES						
Unavailable Revenue-Property Tax	31,315	-	-	-	-	31,315
Total Deferred Inflows of Resources	31,315	-	-	-	-	31,315
FUND BALANCES						
Nonspendable	68,467	-	-	-	188,376	256,843
Restricted	288,844	212,478	134,752	25,107	71,240	732,421
Committed	-	-	-	-	2,289	2,289
Assigned	-	-	-	-	-	-
Unassigned	931,996	-	-	-	-	931,996
Total Fund Balances	1,289,307	212,478	134,752	25,107	261,905	1,923,549
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,537,369	$ 214,290	$ 174,635	$ 52,765	$ 262,305	

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.		2,143,308
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Property Tax		31,315
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated Absences	(17,377)	
Net Pension Liability	(129,332)	
Landfill Postclosure Care Costs	(680,191)	(826,900)
Net position of governmental activities		$ 3,271,272

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, 2015

	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	$ 1,354,872	$ -	$ -	$ -	$ -	$ 1,354,872
Other Taxes	422,753	258,534	333,423	-	-	1,014,710
Licenses and Permits	18,324	-	-	-	-	18,324
Intergovernmental	171,105	-	-	18,914	520	190,539
Charges for Services	378,853	-	-	-	-	378,853
Fines and Forfeitures	3,387	-	-	-	8,952	12,339
Interest	1,156	-	-	-	27	1,183
Miscellaneous	48,510	-	-	-	4,942	53,452
Total Revenues	2,398,960	258,534	333,423	18,914	14,441	3,024,272
EXPENDITURES:						
Current Operating Expenditures						
General Government	477,695	-	15,667	-	-	493,362
Judicial	241,007	-	-	-	5,122	246,129
Public Safety	827,531	-	-	-	8,253	835,784
Public Works	411,043	69,468	-	-	-	480,511
Health and Welfare	50,189	-	-	-	-	50,189
Culture and Recreation	94,619	-	-	-	-	94,619
Housing and Development	24,727	-	-	-	-	24,727
Intergovernmental (City of Ellaville)	-	-	103,719	-	-	103,719
Capital Outlay	-	118,266	261,095	136,884	-	516,245
Total Expenditures	2,126,811	187,734	380,481	136,884	13,375	2,845,285
EXCESS OF REVENUES OVER EXPENDITURES	272,149	70,800	(47,058)	(117,970)	1,066	178,987
OTHER FINANCING SOURCES (USES):						
Sale of Capital Asset and Other Surplus	1,000	-	-	-	-	1,000
Transfers In	-	-	-	3	-	3
Transfers Out	(68,048)	-	-	-	(3)	(68,051)
Total Other Financing Sources (Uses)	(67,048)	-	-	3	(3)	(67,048)
NET CHANGE IN FUND BALANCES	205,101	70,800	(47,058)	(117,967)	1,063	111,939
FUND BALANCE - BEGINNING OF YEAR	1,084,206	141,678	181,810	143,074	260,842	1,811,610
FUND BALANCE - END OF YEAR	$ 1,289,307	$ 212,478	$ 134,752	$ 25,107	$ 261,905	$ 1,923,549

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, 2015

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.		$ 111,939
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 ($568,730) exceeded depreciation ($155,731) in the current period.		412,999
Governmental funds report the proceeds from the sale of capital assets as an increase in financial resources. However, in the statement of activities, the gain/loss on the sale, trade or disposition of capital assets is reported. Thus the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.		(51,792)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property tax receivable	(32,733)	(32,733)
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	(977)	
Net change in pension liability	(9,149)	
Landfill expenditures	56,920	46,794
Change in Net Position of Governmental Activities.		$ 487,207

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (non-GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive(Negative)
REVENUES				
TAXES				
General Property	$ 1,355,000	$ 1,355,000	$ 1,354,872	$ (128)
Timber Tax	25,000	25,000	37,488	12,488
Intangible Recordings	-	-	9,333	9,333
Interest, Cost, Penalties & Fees	16,000	16,000	27,486	11,486
1% Sales Tax	148,000	148,000	168,606	20,606
T-SPLOST	195,000	195,000	258,534	63,534
Real Estate Transfer Tax	-	-	3,858	3,858
Railroad Car Tax	7,100	7,100	7,643	543
Franchise Tax	1,100	1,100	1,606	506
Alcoholic Beverage Excise	200	200	120	(80)
Insurance Premium Tax	150,000	150,000	156,739	6,739
Financial Institutions	6,600	6,600	9,874	3,274
Total Taxes	1,904,000	1,904,000	2,036,159	132,159
LICENSES AND PERMITS				
Alcohol Beverage License	250	250	500	250
Building Permits	8,000	8,000	17,824	9,824
Total Licenses and Permits	8,250	8,250	18,324	10,074
INTERGOVERNMENTAL				
State	163,000	163,000	148,405	(14,595)
Federal (through CJCC)	-	-	17,200	17,200
Federal (through GEMA)	5,000	5,000	5,500	500
Total Intergovernmental	168,000	168,000	171,105	3,105
CHARGES FOR SERVICES				
Sheriff Fees and Charges	5,000	5,000	7,404	2,404
Superior Court Fees	39,000	39,000	17,908	(21,092)
Magistrate Court Fees	10,000	10,000	5,236	(4,764)
Probate Court Fees	45,000	45,000	44,522	(478)
Fuel Sales	42,500	42,500	47,224	4,724
Ambulance Fees	72,000	72,000	41,230	(30,770)
Commission on Tax	62,000	62,000	52,413	(9,587)
Jail Contract City of Ellaville	18,000	18,000	18,000	-
Sheriff Secretary (City)	7,200	7,200	7,382	182
Right of Way Maintenance Contract	137,150	137,150	137,150	-
Sanitation Fees	170,000	-	-	-
Other Revenues	-	-	384	384
Total Charges for Services	607,850	437,850	378,853	(58,997)
FINES & FORFEITURES				
Fines - Superior Court	-	-	3,387	3,387
Jail Construction	4,000	4,000	4,620	620
Drug Forfeiture	100	100	1,457	1,357
Total Fines and Forfeitures	4,100	4,100	9,464	5,364
INVESTMENT INCOME				
Interest Revenues	-	-	1,156	1,156
MISCELLANEOUS				
Rental Income	40,943	40,943	37,567	(3,376)
Driveway Pipe & Dirt Sales	4,700	4,700	3,235	(1,465)
Miscellaneous	10,000	10,000	7,708	(2,292)
Total Miscellaneous Revenue	55,643	55,643	48,510	(7,133)
Total Revenues	2,747,843	2,577,843	2,663,571	85,728

(continued)

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (non-GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2015

	Original Budget	Final Buget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive(Negative)
EXPENDITURES				
GENERAL GOVERNMENT				
County Administration	$ 74,700	$ 87,455	$ 94,914	$ (7,459)
County Clerk	58,968	62,997	54,286	8,711
Elections	30,875	30,875	19,639	11,236
Courthouse Upkeep & Utilities	13,300	13,300	14,206	(906)
Tax Commissioner	85,648	87,535	90,309	(2,774)
Tax Assessor	73,824	73,824	67,761	6,063
Board of Equalization	795	795	1,054	(259)
Reserves	137,150	11,336	-	11,336
Post Office	500	500	-	500
General Operations	116,664	134,915	135,526	(611)
Total General Government	592,424	503,532	477,695	25,837
JUDICIAL				
Magistrate Court	54,112	54,112	52,540	1,572
Probate Court	81,175	81,175	76,488	4,687
Superior Court	94,616	94,616	73,601	21,015
Superior Court Judges	29,721	29,721	20,008	9,713
District Attorney	12,000	12,000	12,000	-
Juvenile Court and Supervision	7,284	7,284	6,370	914
Total Judicial	278,908	278,908	241,007	37,901
PUBLIC SAFETY				
Sheriff	275,186	275,186	318,547	(43,361)
Jail	196,849	199,535	181,554	17,981
Community Service Supervision	4,721	4,721	2,320	2,401
Fire Department & Ambulance Service	287,000	293,061	296,529	(3,468)
Coroner	6,500	6,500	6,399	101
Emergency Management	10,000	10,000	6,414	3,586
Middle Flint E-911	10,571	12,102	15,768	(3,666)
Total Public Safety	790,827	801,105	827,531	(26,426)
PUBLIC WORKS				
Fuel to Sale	176,244	176,244	44,230	132,014
Road	469,969	469,969	366,813	103,156
Insurance Premium (Sanitation)	232,764	-	-	-
Landfill Closure Costs	40,000	40,000	-	40,000
Total Public Works	918,977	686,213	411,043	275,170
HEALTH AND WELFARE				
Health Department	39,085	48,085	40,229	7,856
Family and Children Services	9,000	9,000	9,960	(960)
Total Health and Welfare	48,085	57,085	50,189	6,896
CULTURE AND RECREATION				
Recreation	40,000	40,000	40,211	(211)
Library	23,347	23,347	24,004	(657)
Senior Citizens Center	27,000	28,485	30,404	(1,919)
Total Culture and Recreation	90,347	91,832	94,619	(2,787)

(Continued)

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (non-GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive(Negative)
EXPENDITURES (continued)				
HOUSING AND DEVELOPMENT				
Extension Service	19,349	19,349	15,801	3,548
Forestry Commission	8,926	8,926	8,926	-
Total Housing and Development	28,275	28,275	24,727	3,548
Total Expenditures	2,747,843	2,446,950	2,126,811	320,139
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	130,893	536,760	(405,867)
OTHER FINANCING USES				
Sale of Capital Assets and Other Surplus	-	-	1,000	1,000
Transfers out	-	(130,893)	(68,048)	62,845
Total Other Financial Sources	-	(130,893)	(67,048)	63,845
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	-	-	469,712	469,712

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance:		
Elimination of Special Revenues:		
Revenue T-SPLOST	$	(258,534)
Revenue Jail Construction Fund		(4,620)
Revenue Drug Treatment and Education Fund		(1,457)
Total revenue adjustments		(264,611)
Fund Balance - End of Year	$	205,101

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Enterprise Fund		
	Water Fund	Sanitation Fund	Total
ASSETS			
Current Assets			
Cash	$ 19,893	$ 3,061	$ 22,954
Accounts Receivable, net of Allowance for Doubtful Accounts	31,050	30,854	61,904
Inventory	53,514	-	53,514
Total Current Assets	104,457	33,915	138,372
Noncurrent Assets:			
Cash - Customer Deposits	47,168	-	47,168
Due from General Fund	-	11,277	11,277
Due from Water Fund	-	4,508	4,508
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	(2,606,757)	-	(2,606,757)
Capital Assets, net of depreciation	11,180,577	-	11,180,577
Total Noncurrent Assets	11,227,745	15,785	11,243,530
Total Assets	11,332,202	49,700	11,381,902
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,520	-	4,520
Accrued Wages	304	302	606
Compensated Absences	476	1,789	2,265
Accrued Interest Payable	987,837	-	987,837
Notes Payable Bank	784,690	-	784,690
Notes Payable USDA Bonds	66,522	-	66,522
Total Current Liabilities	1,844,349	2,091	1,846,440
Long-Term Liabilities:			
Due to General Fund	142,184	-	142,184
Due to Sanitation Fund	4,508	-	4,508
Due to SPLOST 2003 - 2007 Fund	26,480	35,000	61,480
Customer Water Deposits	46,260	-	46,260
Compensated Absences	-	1,341	1,341
Notes Payable USDA Bonds	5,421,004	-	5,421,004
Total Long-Term Liabilities	5,640,436	36,341	5,676,777
Total Liabilities	7,484,785	38,432	7,523,217
NET POSITION			
Net investment in capital assets	5,693,051	-	5,693,051
Unrestricted	(1,845,634)	11,268	(1,834,366)
Total Net Position	$ 3,847,417	$ 11,268	$ 3,858,685

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, 2015

	Enterprise Fund		
	Water Fund	Sanitation Fund	Total
OPERATING REVENUES			
Charges for Services	$ 313,437	$ 184,600	$ 498,037
Water Tap-on and Other Fees	3,938	-	3,938
Other Fees	-	426	426
Total Operating Revenues	317,375	185,026	502,401
OPERATING EXPENSES			
Personal Services	52,056	38,428	90,484
Material & Supplies	7,636	-	7,636
Maintenance, Operations & Contracted	126,022	205,403	331,425
Landfill Postclosure Care	-	30,301	30,301
Depreciation	285,362	-	285,362
Total Operating Expenses	471,076	274,132	745,208
Operating Income (Loss)	(153,701)	(89,106)	(242,807)
NON-OPERATING REVENUE (EXPENSE)			
Reimbursed Landfill Postclosure Expenses	-	18,618	18,618
Interest Expense	(268,719)	-	(268,719)
Net Non-Operating Revenue (Expense)	(268,719)	18,618	(250,101)
Income (Loss) before transfers	(422,420)	(70,488)	(492,908)
TRANSFERS			
Transfers in	68,048	-	68,048
Net transfers in / (out)	68,048	-	68,048
CHANGE IN NET POSITION	(354,372)	(70,488)	(424,860)
NET POSITION - BEGINNING OF YEAR	4,201,789	81,756	4,283,545
NET POSITION - END OF YEAR	$ 3,847,417	$ 11,268	$ 3,858,685

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Enterprise Fund		
	Water Fund	Sanitation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 312,270	$ 184,454	$ 496,724
Cash Payments to Suppliers for Materials and Supplies	(7,493)	-	(7,493)
Cash Payments to Employees for Services	(41,699)	(42,359)	(84,058)
Maintenance, Operating & Contract Services	(116,473)	(240,219)	(356,692)
Net Cash Provided (Used) by Operating Activities	146,605	(98,124)	48,481
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Customer Water Deposits Received	5,160	-	5,160
Customer Water Deposits Refunded or Applied to Bill	(1,175)	-	(1,175)
Transfer from General Fund	68,048	-	68,048
Reimbursed Landfill Postclosure Expenses	-	18,618	18,618
Net Cash Provided by Non-Capital Financing Activities	72,033	18,618	90,651
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Addition to Water System			-
Principal paid on Long-Term Debt	(24,354)	-	(24,354)
Interest Paid on Long-Term Debt	(117,297)	-	(117,297)
Proceeds from Short-Term Bank Loan	784,690	-	784,690
Payments on Short-Term Bank Loan	(825,726)	-	(825,726)
Interest paid on short-term bank loan	(26,762)	-	(26,762)
Net Cash (Used) by Capital and Related Financing Activities	(209,449)	-	(209,449)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan to General Fund		4,000	
Repayment of Loan to General fund	-	(50,000)	-
Net Cash Provided (Used) by Investing Activities	-	(46,000)	(46,000)
Net Increase (Decrease) in Cash and Cash Equivalents	9,189	(125,506)	(116,317)
Cash and Cash Equivalents at June 30, 2014	57,872	128,567	186,439
Cash and Cash Equivalents at June 30, 2015	$ 67,061	$ 3,061	$ 70,122
Displayed as:			
Cash - Operations Account	$ 19,893	$ 3,061	$ 22,954
Cash - Customer Deposits	47,168	-	47,168
	$ 67,061	$ 3,061	$ 70,122

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Enterprise Fund		
	Water Fund	Sanitation Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES			
Operating Income (Loss)	$ (153,701)	$ (89,106)	$ (242,807)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities :			
Depreciation	285,362	-	285,362
(Increase) Decrease in Accounts Receivable	(5,178)	(723)	(5,901)
(Increase) Decrease in Inventories	2,904	-	2,904
(Increase) Decrease in Due from Water Fund	-	151	151
Increase (Decrease) in Due to General Fund	16,578	(3,261)	13,317
Increase (Decrease) in Due to Sanitation Fund	(151)	-	(151)
Increase (Decrease) in Accounts Payable	1,175	(4,976)	(3,801)
Increase (Decrease) in Accrued Salaries	(386)	(277)	(663)
Increase (Decrease) in Compensated Absences	2	68	70
Net Cash Provided By (Used In) Operations	$ 146,605	$ (98,124)	$ 48,481

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
June 30, 2015

	Agency Funds
ASSETS	
Cash	$ 79,411
Taxes Receivable (net of doubtful accounts $16,580)	123,622
Total Assets	$ 203,033
LIABILITIES	
Due to Others	$ 203,033
Total Liabilities	$ 203,033

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, 2015. 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, 2015, Schley County contributions were $40,211 which includes $38,992 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, 2014, have not been prepared, however financial information for the Ellaville Schley County Recreation 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. G*overnmental 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 as-

sembly 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. 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 additional share of purchasing fire truck 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, the government-wide financial statements, and the government funds.

1-D-3. Restricted Assets

Customer security deposits, and funds held in separate accounts required by bond covenants 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. There was no unearned revenue at June 30, 2015.

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, 2015, at the department level (the legal level of control):

	Final Budget	Actual	Overage
County Administration	$ 87,455	$ 94,914	$(7,459)
Tax Commissioner	87,535	90,309	(2,774)
Sheriff	275,186	318,547	(43,361)
Fire Department and Ambulance Service	293,061	296,529	(3,468)
E-911	12,102	15,768	(3,666)

Material excesses for the above is defined as $2,500 or more. The excesses were funded with revenue overages and cost savings in other departments.

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, 2015, 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	SPLOST 2008-13	Water	Sanitation	Total
Receivables							
Property Taxes	$ 43,039	$ -	$ -	$ -	$ -	$ -	$ 43,039
Intergovernmental	27,712	44,188	26,872	18,914	-	-	117,686
Accounts	290,980	-	-	-	38,650	85,263	414,893
Gross Receivables	361,731	44,188	26,872	18,914	38,650	85,263	575,618
Less: Allowance for Uncollectibles	(207,420)	-	-	-	(7,600)	(54,409)	(269,429)
Net Receivables	$ 154,311	$ 44,188	$ 26,872	$ 18,914	$ 31,050	$ 30,854	$ 306,189

Non-current property tax receivable of $31,315 (net of allowance for uncollectible of $4,178) 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 2014 digest were levied on August 14, 2014. Taxes were billed on September 15, 2014, and were due and payable by December 20, 2014.

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, 2015, was as follows:

	Beginning Balance	Additions	Retirements & Reclassifications	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	$ 217,123	$ -	$ -	$ 217,123
Construction in Progress	-	261,095	-	261,095
Total Nondepreciable Capital Assets	217,123	261,095	-	478,218
Capital Assets, Being Depreciated:				
Buildings	1,754,745	33,363	-	1,788,108
Machinery and Equipment	1,616,838	274,272	(56,500)	1,834,610
Furniture and Fixtures	178,865	-	-	178,865
Total Capital Assets, Being Depreciated	3,550,448	307,635	(56,500)	3,801,583
Accumulated Depreciation:				
Buildings	(732,819)	(51,721)	-	(784,540)
Machinery and Equipment	(1,091,774)	(102,457)	4,708	(1,189,523)
Furniture and Fixtures	(160,877)	(1,553)	-	(162,430)
Total Accumulated Depreciation	(1,985,470)	(155,731)	4,708	(2,136,493)
Total Depreciable Assets, Net	1,564,978	151,904	-	1,665,090
Governmental Activities, Capital Assets, Net	$ 1,782,101	$ 412,999	$ (51,792)	$ 2,143,308

Note 5 – Capital Assets (continued):

Governmental Activities Depreciation Expense:	
General Government	$ 35,030
Judicial	387
Public Safety	66,177
Public Works	45,921
Health and Welfare	6,638
Culture and Recreation	1,578
Total Governmental Activities Depreciation Expense	$ 155,731

	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	13,567,546	-	-	13,567,546
Total Capital Assets, Being Depreciated	13,777,334	-	-	13,777,334
Accumulated Depreciation:				
Buildings and Plant	(4,333)	(416)	-	(4,749)
Machinery and Equipment	(172,630)	(3,628)	-	(176,258)
Furniture and Fixtures	(10,206)	-	-	(10,206)
Water Plant and Wells	(2,134,226)	(281,318)	-	(2,415,544)
Total Accumulated Depreciation	(2,321,395)	(285,362)	-	(2,606,757)
Capital Assets, Being Depreciated, Net	11,455,939	(285,362)	-	11,170,577
Business-Type Activities Capital Assets, Net	$11,465,939	$(285,362)	$ -	$11,180,577

Governmental Activities Depreciation Expense:	
Water Fund	$ 285,362
Sanitation Fund	-
Total business-Type Activities Depreciation Expense	$ 285,362

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 to 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	4,508
Sanitation Fund	General Fund	11,277
General Fund	Sheriff Drug Forfeiture Fund	400
General Fund	Water Fund	142,184
General Fund	SPLOST 2008-2013 Fund	27,625
General Fund	SPLOST 2013 Fund	3,899
SPLOST 2008-2013 Fund	General Fund	6,114
		$ 384,383

In 2013 the Chairman of the Board of Commissioners stated that the loans from the SPLOST 2003-2007 Fund would be repaid over the next 10 to 15 years. To date, no repayments have been made. The loans to the SPLOST 2008-2013 Fund, the SPLOST 2013 Fund and the Sheriff's Drug Forfeiture Fund from the General Fund are the result of SPLOST expenditures erroneously paid by the General Fund. Those loans will be repaid in the following year. The loan from the SPLOST 2008-2013 Fund to the General Fund is the result of a charitable donation for courthouse repair in 2008 erroneously deposited in the General Fund. That loan will be repaid in the following fiscal year. The loans from the Sanitation Fund to the General Fund and the Water Fund, and the loans from the General From to the Water Fund 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
Water Fund	General Fund	$ 68,048
SPLOST 2008-2013	SPLOST 2003-2007	3
		$ 68,051

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 transfer from the General Fund to the Water Fund was for payment of principal and interest on the short-term bank loan. The transfer from SPLOST 2003-2007 to SPLOST 2008-2013 Fund was to close the bank account and to transfer unused cash.

Note 7 – Fund Equity

Below are the fund balance classifications for the governmental funds at June 30, 2015:

	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	$ 12,934	$ -	$ -	$ -	$ -
Prepaid items	55,533	-	-	-	-
Long-Term Receivable:					
From Water Fund	-	-	-	-	26,480
From Sanitation Fund	-	-	-	-	35,000
From General Fund	-	-	-	-	126,896
Total Non-Spendable	68,467	-	-	-	188,376
Restricted					
Capital Projects	288,844	212,478	134,752	25,107	-
Law Library	-	-	-	-	31,223
Drug Education	-		-	-	7,485
Jail Maintenance	-	-	-	-	16,207
Clerk of Court	-	-	-	-	4,899
Sheriff's Department	-	-	-	-	11,426
Total Restricted	288,844	212,478	134,752	25,107	71,240
Committed					
Jail Inmate Services	-	-	-	-	2,289
Total Committed	-	-	-	-	2,289
Unassigned	931,996	-	-	-	-
Total Fund Balances	$ 1,289,307	$ 212,478	$ 134,752	$ 25,107	$ 261,905

NOTE: The Board of Commissioners with the approval of the Georgia Department of Transportation has restricted LMIG funding for this and the next year for the paving of Green Road. Project was completed in the Fall of 2015.

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, 2015:

Business-Type Activities:

	Outstanding 6/30/2014	Additions	Reductions	Outstanding 6/30/2015
Multiple Advance Note	$ 825,726	$ 784,690	$ (825,726)	$ 784,690
Total Business-Type Activities	$ 825,726	$ 784,690	$ (825,726)	$ 784,690

As of June 30, 2015, 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 December 31, 2014, was obtained from a local bank; maturity date is December 31, 2015. Interest accrues at 3.250% per annum payable at maturity. $ 784,690
Accrued interest payable as of June 30, 2015, was $12,751.

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, 2015:

	Outstanding 6/30/2014	Additions	Reductions	Outstanding 6/30/2015	Amounts Due in one Year
Governmental Activities:					
Compensated Absences	$ 16,400	$ 14,528	$ (13,551)	$ 17,377	$ 9,526
Landfill Postclosure Costs	737,111	-	(56,920)	680,191	50,300
Total Governmental Activities	$ 753,511	$ 14,528	$ (70,471)	$ 697,568	$ 59,826

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	$ 3,535	$ 2,824	$ (2,753)	$ 3,606	$ 2,265
Water Revenue Bonds	5,511,880	-	(24,354)	5,487,526	66,522
Total Business-Type Activities	$5,515,415	$ 2,824	$ (27,107)	$ 5,491,132	$ 68,787

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.

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, 2015, the County has 11 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 $680,191. 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.

Note 9 – Long-Term Debt (continued)

Primary Government (continued)

The following schedule presents annual payment amortization of the 2003 Series Water Revenue Bonds for the next five years, and in five year increments thereafter for the life of the bonds:

Year Ending June 30,	Interest	Principal
2016	61,404	25,476
2017	60,234	26,646
2018	59,009	27,871
2019	57,729	29,151
2020	56,390	30,490
2021 - 2025	259,606	174,794
2026 - 2030	215,594	218,806
2031 - 2035	160,499	273,901
2036 - 2040	91,532	342,868
2041 - 2043	14,820	226,109
Total	$ 1,036,817	$ 1,376,112

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, 2015, the County paid interest of $54.771 which was debited to accrued interest; no principal 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 of the Series 2008 Water Revenue Bonds 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
2016	1,154,144	41,046
2017	177,226	42,878
2018	175,312	44,792
2019	173,312	46,792
2020	171,223	48,881
2021 - 2025	821,374	279,146
2026 - 2030	753,255	347,265
2031 - 2035	668,514	432,006
2036 - 2040	563,093	537,427
2041 - 2045	431,948	668,572
2046 - 2050	268,799	831,721
2050 - 2053	71,061	790,888
Total	$ 5,429,261	$ 4,111,414

Interest due in fiscal year 2064 includes accrued interest of $675,086 due as of June 30, 2054. The County paid $54,771 during the year ended June 30, 2015 which was credited to accrued interest.

Component Unit

Schley County Health Department

Long-term activity for the year ended June 30, 2015, was as follows:

	Outstanding 6/30/2014	Additions	Reductions	Outstanding 6/30/2015	Due within One Year
Governmental Activities:					
Compensated Absences	$ 6,478	$ 10,290	$ (5,945)	$ 10,823	$ 5,631

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

Note 10 – Defined Benefit Pension Plans

A. Primary Government

The County has established a non-contributory defined benefit pension plan, the Schley County Defined Benefit Plan (the 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,

Note 10 – Defined Benefit Pension Plans (continued)

A. Primary Government (continued)

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 public employees retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The Trustees for the Association County Commissioners of Georgia (ACCG) Pension Plan and the Trust oversees the administration, investment and funding of the ACCG Plan. 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 vesting service. 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.

The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at www.gebcorp.com or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

Plan Membership
As of January 1, 2015, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	5
Inactive plan members entitled to but not receiving benefits	3
Active plan members	10
	18

Contributions
The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of the ACCG Plan has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the County Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. No contributions are made by plan participants. For the year ended June 30, 2015, the County's contribution rate was 7.80% of annual payroll. County contributions to the Plan were $23,904 for the year ended June 30, 2015.

Note 10 – Defined Benefit Pension Plans (continued)

A. Primary Government (continued)

Net Pension Liability of the County

Effective July 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* which significantly changed the County's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The County's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2014.

Actuarial Assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.0% - 5.5%, per year based on an age-based scale
Investment rate of return	7.5 % per year

Mortality rates for were based on the RP-2000 Combined Healthy Mortality Table

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for through December 31, 2014.

Discount Rate. The discount rate is determined through a blend of using a building blocks approach based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as the forward-looking capital market assumptions for a moderate asset allocation (50%) as determined by UBS. The following summarizes the results of the calculation:

20-year building blocks return (7.44% x 25%)	1.86%
30-year building blocks return (9.49% x 25%)	2.37%
UBS capital markets assumption for a moderate asset allocation (6.30% x 50%)	3.15%
	7.38%
Discount rate (rounded to the nearest .25%	7.50%

Plan Investments. Contributions to the Plan are held, managed and invested by the Trustees in accordance with the investment guidelines (detailed in the Statement of Investment Objectives and Guidelines executed by the Trustees on June 8, 2012) and with investment management agreements between the ACCG Pension Trust and one or more asset managers. The Trustees also engage UBS Financial Services, Inc. as an independent investment consulting firm to assist the Plan in attainment of its investment objectives and to monitor compliance with the adopted objectives and guidelines.

- There were no significant investment policy changes during 2014.
- The fair market value of plan assets is determined by using methodologies detailed in Standard + Poor's Securities Evaluation SPSE) and pricing data provided by Interactive Data Pricing and Reference Data LLC.
- According to the terms of the plan's investment policy, no more than 5% of the portfolio may be invested in one corporate issue.

Note 10 – Defined Benefit Pension Plans (continued)

A. Primary Government (continued)

The Trustees shall rebalance the portfolio at least annually for asset allocation purposes. The guidelines for allocation are: equities shall not exceed 70% of total Plan assets, valued at cost. Fixed Income shall be target at 30% of total Plan assets, valued at cost.

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended June 30, 2015, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	$ 328,805	$ 208,622	$ 120,183
Changes for the year:			
Service cost	6,614	-	6,614
Interest on total pension liability	24,660	-	24,660
Contributions - employer	-	23,904	(23,904)
Net investment income	-	15,046	(15,046)
Benefit payments, including refunds of employee contributions	(18,157)	(17,501)	(656)
Administrative expense	-	(3,105)	3,105
Other charges	-	(14,376)	14,376
Net changes	13,117	3,968	9,149
Balances at June 30, 2015	$ 341,922	$ 212,590	$ 129,332

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.5 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's net pension liability	$ 172,306	$ 129,332	$ 93,313

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2014 and the current sharing pattern of costs between employer and employee.

Note 10 – Defined Benefit Pension Plans (continued)

B. Discretely Presented Component Unit – Schley County Board of Health

The employees of the Health Department participate in the Georgia State Employees' Retirement System (ERA), a multi-employer, defined-contribution plan. The Health Department adopted Government Accounting Standards Board (GASB) Statement No. 68 for the fiscal year beginning July 1, 2014. GASB 68 requires that governmental employees report their share of the plan net pension liability and related pension expense are deferred in their financial statements.

The ERS furnished the necessary information for the Health Department to comply with the financial reporting requirements of GASB 68.

General Information about the Pension Plan

a. Plan Description

The Employee's Retirement System of Georgia, a cost-sharing multiple-employer defined benefit pension plan, was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. The Plan is administered by the Employees' Retirement System of Georgia. The Plan is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law and the funding policy adopted by the Board. Each plan and fund, including benefit contribution provisions, was established and can be amended by state law. The Plan issues a publicly available financial report that can be obtained at www.ers.ga.gov.

b. Benefits Provided

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their memberships to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Note 10 – Defined Benefit Pension Plans (continued)

B. Discretely Presented Component Unit – Schley County Board of Health (continued)

b. Benefits Provided (continued)

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

c. Contributions and Vesting

Member contributions under the old plan are 4% of annual compensation, up to $4,300, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The state is required to contribute at a specified percentage of active member payrolls, determined annually by actuarial valuation. The state contributions are not at any time refundable to the member of his/her beneficiary.

d. Contributions

Employer and nonemployer contributions as a percentage of covered payroll required for fiscal year 2014 were based on June 30, 2011 actuarial valuation for the old plan, new plan, and GSEPS as follows:

	Old Plan	New Plan	GSEPS
Employer and nonemployer:			
Normal	1.51%	6.26%	2.98%
Employer paid for member	4.75	-	-
Accrued Liability	12.20	12.20	12.20
Total	18.46%	18.46%	15.18%

Members become vested after ten years of membership service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

Note 10 – Defined Benefit Pension Plans (continued)

B. Discretely Presented Component Unit – Schley County Board of Health (continued)

e. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Department reported a liability of $111,881 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net position liability was determined by an actuarial valuation as of June 30, 2013. The Department's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating ERS employers. At June 30, 2014, the Department's proportion was .002983%, which was an increase (decrease) of .000235% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Department recognized pension expense of $11,218. At June 30, 2015, the Department reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -0-	$ -0-
Changes of assumptions	-0-	-0-
Net difference between projected and actual earnings on pension plan investments	-0-	27,307
Changes in proportion and differences between Employer contributions and proportionate share of contributions	7,017	-0-
Employer contributions subsequent to the measurement date	10,921	-0-
Total	$ 17,938	$ 27,307

Amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	(2,441)
2017	(4,196)
2018	(6,827)
2019	(6,826)
2020	-0-
Thereafter	-0-

Note 10 – Defined Benefit Pension Plans (continued)

B. Discretely Presented Component Unit – Schley County Board of Health (continued)

f. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increase	5.45-9.25%, including inflation
Investment rate of return	7.50%, net pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distributions analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

Asset class	Target allocation	Long-term expected real rate of return**
Fixed income	30.00%	3.00%
Domestic large stocks	39.70	6.50
Domestic mid stocks	3.70	10.00
Domestic small stocks	1.60	13.00
International developed market stocks	18.90	6.50
International emerging market stocks	6.10	11.00
Total	100.00%	

** Rates shown are net of the 3% assumed rate of inflation

Note 10 – Defined Benefit Pension Plans (continued)

B. Discretely Presented Component Unit – Schley County Board of Health (continued)

g. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

h. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Employer's proportionate share of net pension liability	$ 163,145	$ 111,881	$ 68,244

i. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS Comprehensive Annual Report for the fiscal year ended June 30, 2014. The supporting actuarial information is included in the GASB Statement No. 67 Report for the ERS prepared as of June 30, 2014. The auditor's report dated October 31, 2014 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2014, along with supporting schedules is also available. The additional financial and actuarial information is available at www.ers.ga.gov.

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 2015.

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, 2015, was $ 70,623.

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 ended June 30, 2015, Schley County contributed $6,300 to the Fund.

Note 13 – 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 le-

gal 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 14 – 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, 2015, net position of the Water Fund decreased by $354,372. The Sanitation Fund's net position decreased by $70,488. The Primary Government's total liabilities are $8,263,478, an increase of $185,586 from 2014 balances, primarily due to accrued interest on the USDA Revenue Bonds, Series 2008. Operating bank loans in the Water Fund was reduced by $41,286 to $784,670. 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.

Note 15 - Courthouse Repair and Renovation

In November, 2014 renovation began to the historic county courthouse. The County has allocated $400,000 from the 2013 SPLOST funds to pay for some of the work. As of June 30, 2015, the project was approximately 65% complete.

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, 2015, the County paid $3,180 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 $15,768 to the Authority during the twelve months ended June 30, 2015.

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.

Schley County Utilities Authority: By action of the Georgia State Legislature Senate Bill 220 was passed and subsequently signed by the Governor of Georgia establishing the Schley County Utilities Authority, a body corporate and politic, a political subdivision of the State of Georgia and a public corporation. The effective date of the Authority is July 1, 2015. The Authority shall consist of five members, appointed by the Board of Commissioners of Schley County, all of whom must be residents of Schley County. The powers of the authority include the operation and management of the current water system, to issue revenue bonds to finance and pay for the costs of construction, maintenance, and expansion of the Utilities Authority water system and, if established the Utilities Authority sewer system.

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, 2015.

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.

Note 18 – Related Party

Labor and materials for the courthouse renovation are being purchased from a local modular building manufacturer. The arrangement was not subjected to the formal bidding process and the county has no formal contract with the supplier. One of the members of the Board of Commissioners is employed by the supplier. That same commissioner is providing construction management at no cost to the County. The Board of Commissioners is satisfied that this arrangement will result in a quality final project at a reasonable and economical cost.

Note 19 – Prior Period Adjustment

Implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* required the restatement of the July 1, 2014, beginning net position to account for adjustments to the net pension liability:

The following affected the Primary Government:	
Governmental Activities net position, as originally reported	$2,952,444
Effect if restatement:	
Pension net excess, prior to adoption of GASB 68	(48,196)
Net pension liability, after adoption of GASB 68	(120,183)
Net prior period adjustments	(168,379)
Governmental Activities, net position as restated	$2,784,065
The following affected the Component Unit - Schley County Board of Health:	
Board of Health net position, as originally reported	$ 36,627
Effect of restatement:	
Adjustment to net pension liability	(133,351)
Deferred outflows of pension contributions	12,398
Net Prior Period adjustments	(120,953)
Board of Health net position as restated	$ (84,326)

REQUIRED SUPPLEMENTARY INFORMATION

Schley County, Georgia
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY
AND RELATED RATIOS

	2015
Total pension liability	
Service cost	6,614
Interest on total pension liability	24,660
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions	
Benefit payments, including refunds of employee contributions	(18,157)
Net change in total pension liability	13,117
Total pension liability - beginning	328,805
Total pension liability - ending (a)	341,922
Plan fiduciary net position	
Contributions - employer	23,904
Net investment income	15,046
Benefit payments, including refunds of employee contributions	(17,501)
Administrative expenses	(3,105)
Other	(14,376)
Net change in plan fiduciary net position	3,968
Plan fiduciary net position - beginning	208,622
Plan fiduciary net position - ending (b)	212,590
County's net pension liability - ending (a) - (b)	129,332
Plan fiduciary net position as a percentage of the total pension liability	62.17%
Covered-employee payroll	306,494
County's net pension liability as a percentage of covered-employee payroll	42.20%

Notes to the Schedule
The schedule will present 10 years of information once it is accumulated.

Schley County, Georgia
SCHEDULE OF COUNTY CONTRIBUTIONS

	2015	2014
Actuarially determined contribution	$ 23,904	$ 21,384
Contributions in relation to the actuarially determined contribution	23,904	21,617
Contribution deficiency (excess)	$ -	$ (233)
Covered-employee payroll	306,494	270,242
Contributions as a percentage of covered	7.80%	8.00%

Notes to the Schedule	
Valuation date	January 1, 2014
Funding Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a 5-year smoothing period
Assumed Rate of Return on Investments	7.50%
Projected Salary Increases	4% - 5.5% (including 3% for inflation)
Amortization Period	Closed level dollar for unfunded liability

SUPPLEMENTARY INFORMATION

SCHLEY COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015

	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	$ 31,223	$ 7,885	$ 16,207	$ 4,899	$ 10,165	$ 1,261	$ 2,289	$ -	$ 73,929
Due from Other Funds	-	-	-	-	-	-	-	188,376	188,376
Total assets	$ 31,223	$ 7,885	$ 16,207	$ 4,899	$ 10,165	$ 1,261	$ 2,289	$ 188,376	$ 262,305
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Due to General Fund	$ -	$ 400	$ -	$ -	$ -	$ -	$ -	$ -	400
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	188,376	188,376
Restricted	31,223	7,485	16,207	4,899	10,165	1,261	-	-	71,240
Committed	-	-	-	-	-	-	2,289	-	2,289
Total fund balances	$ 31,223	$ 7,485	$ 16,207	$ 4,899	$ 10,165	$ 1,261	$ 2,289	$ 188,376	$ 261,905
Total liabilitiew and fund balances	$ 31,223	$ 7,885	$ 16,207	$ 4,899	$ 10,165	$ 1,261	$ 2,289	$ 188,376	$ 262,305

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	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	$ 2,375	$ 1,457	$ 4,620	$ -	$ 500	$ -	$ -	$ -	$ 8,952
Intergovernmental	-	-	-	-	520	-	-	-	520
Interest income	-	9	18		-	-	-	-	27
Other revenues	-	-	-	2,104	464	1,185	1,189	-	4,942
Total revenues	2,375	1,466	4,638	2,104	1,484	1,185	1,189	-	14,441
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Judicial	1,983	-	-	3,139	-	-	-	-	5,122
Public safety	-	605	3,810	-	1,638	1,465	735	-	8,253
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	1,983	605	3,810	3,139	1,638	1,465	735	-	13,375
Excess (deficiency) of revenues over (under) expenditures	392	861	828	(1,035)	(154)	(280)	454	-	1,066
Other financing sources (uses)									
Transfers in / (out)	-	-	-	-	(105)	105	-	(3)	(3)
Total other financing sources (uses)	-	-	-	-	(105)	105	-	(3)	(3)
Net change in fund balances	392	861	828	(1,035)	(259)	(175)	454	(3)	1,063
Fund balances, beginning of year	30,831	6,624	15,379	5,934	10,424	1,436	1,835	188,379	260,842
Fund balances, end of year	$ 31,223	$ 7,485	$ 16,207	$ 4,899	$ 10,165	$ 1,261	$ 2,289	$ 188,376	$ 261,905

SCHLEY COUNTY, GEORGIA
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2015

	Tax Commissioner	Clerk of Court	Sheriff	Probate Court	Magistrate Court	Totals
ASSETS						
Cash	$ 4,733	$ 67,676	$ 300	$ 701	$ 6,001	$ 79,411
Taxes Receivable (less doubtful accounts)	123,622	-	-	-	-	123,622
Total Assets	$ 128,355	$ 67,676	$ 300	$ 701	$ 6,001	$ 203,033
LIABILITIES						
Due to Others	$ 128,355	$ 67,676	$ 300	$ 701	$ 6,001	$ 203,033
Total Liabilities	$ 128,355	$ 67,676	$ 300	$ 701	$ 6,001	$ 203,033

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended June 30, 2015

	Balance 6/30/2014	Additions	Deductions	Balance 6/30/2015
TAX COMMISSIONER				
ASSETS:				
Cash	$ (72)	$ 4,042,583	$ 4,037,778	$ 4,733
Property & Mobile Home Taxes Receivable:				
State, School,	147,699	1,793,044	1,801,915	138,828
Allowance for Uncollected Taxes	(16,580)	-	(1,374)	(15,206)
Total Assets	$ 131,047	$ 5,835,627	$ 5,838,319	$ 128,355
LIABILITIES:				
Due to General Fund	$ -	$ 1,477,921	$ 1,477,921	$ -
Due to Others	131,047	4,357,706	4,360,398	128,355
Total Liabilities	$ 131,047	$ 5,835,627	$ 5,838,319	$ 128,355
CLERK OF COURT				
ASSETS:				
Cash - Clerk of Court	$ 5,980	$ 77,378	$ 77,850	$ 5,508
Cash - Clerk of Escrow	62,394	1,811	2,037	62,168
Total Assets	$ 68,374	$ 79,189	$ 79,887	$ 67,676
LIABILITIES:				
Due to General Fund	$ -	$ 35,676	$ 35,676	$ -
Due to Others	68,374	43,513	44,211	67,676
Total Liabilities	$ 68,374	$ 79,189	$ 79,887	$ 67,676
SHERIFF				
ASSETS:				
Cash - Sheriff	$ 300	$ 3,604	$ 3,604	$ 300
Total Assets	$ 300	$ 3,604	$ 3,604	$ 300
LIABILITIES:				
Due to General Fund	$ -	$ 3,504	$ 3,504	$ -
Due to Others or from Others	300	100	100	300
Total Liabilities	$ 300	$ 3,604	$ 3,604	$ 300

(Continued)

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended June 30, 2015

(Continued)

	Balance 6/30/2014	Additions	Deductions	Balance 6/30/2015
PROBATE JUDGE				
ASSETS:				
Cash	$ 1,034	$ 72,809	$ 73,142	$ 701
Total Assets	$ 1,034	$ 72,809	$ 73,142	$ 701
LIABILITIES:				
Due to General Fund	$ -	$ 44,522	$ 44,522	$ -
Due to Others	1,034	28,287	28,620	701
Total Liabilities	$ 1,034	$ 72,809	$ 73,142	$ 701
MAGISTRATE COURT				
ASSETS:				
Cash Operating	$ 2,358	$ 16,732	$ 13,573	$ 5,517
Cash - Garnishment	1,963	13,785	15,264	484
Total Assets	$ 4,321	$ 30,517	$ 28,837	$ 6,001
LIABILITIES:				
Due to General Fund	$ -	$ 7,936	$ 7,936	$ -
Due to Others	4,321	22,581	20,901	6,001
Total Liabilities	$ 4,321	$ 30,517	$ 28,837	$ 6,001
TOTAL				
ASSETS				
Cash	$ 73,957	$ 4,228,702	$ 4,223,248	$ 79,411
Taxes Receivable	147,699	1,793,044	1,801,915	138,828
Allowance for Uncollected Taxes	(16,580)	-	(1,374)	(15,206)
Total Assets	$205,076	$6,021,746	$6,023,789	$203,033
LIABILITIES				
Due to General Fund	$ -	$ 1,569,559	$ 1,569,559	$ -
Due to Others	205,076	4,452,187	4,454,230	203,033
Total Liabilities	$ 205,076	$ 6,021,746	$ 6,023,789	$ 203,033

SCHLEY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2003 - 2007 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Year Ended June 30, 2015

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	589,346.02	-	589,346.02	95%
Tax allocation paid to City of Ellaville	622,000.00	764,629.69	-	764,629.69	123%
Cash transfer to 2008-2013 SPLOST			3.03	3.03	
	$ 1,244,000.00	$ 1,353,975.71	$ 3.03	$ 1,353,978.74	

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, 2015, the SPLOST bank account had been closed.
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, 2015

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		83,090.64			
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		149,833.59	83%
Equipping Pumper Truck			73,569.34		
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	-	-	44,400.54	74%
48KW generator & installation			11,037.80		
Firehouse			33,362.74		
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 *		9,209.56			
Bank Charges	-	1,686.03	-	1,686.03	
Total County projects	1,525,000.00	1,078,745.83	117,969.88	1,196,715.71	78%
Tax allocation paid to City of Ellaville	775,000.00	621,045.41	-	621,045.41	80%
	$ 2,300,000.00	$ 1,699,791.24	$ 117,969.88	$ 1,817,761.12	79%
GEMA EMPG grant for 48KW generator		-	18,914.00	18,914.00	
Funds transferred in from other funds for Motorgrader		37,333.34	-	37,333.34	
Total 2008-2013 SPLOST expenditures		$ 1,737,124.58	$ 136,883.88	$ 1,874,008.46	

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, 2015, the SPLOST bank account reported a balance of $27,736.81, and $1,558.33 of interest had been earned on the account since its inception.
7. The following have been paid or deposited by the General Fund which will be reimbursed by SPLOST:

Purchase of courthouse phone system	$ 10,016.73
Cash donation for Courthouse renovation	(6,114.36)
Cost of 48KW generator	17,641.80
	$ 21,544.17

SCHLEY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2013 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Year Ended June 30, 2015

PROJECT	ORIGINAL ESTIMATED COSTS	PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
Courthouse Renovation/Expansion	$ 400,000.00	$ -	$ 261,095.42	$ 261,095.42	65%
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		-	16,915.95	12%
Library		1,250.00	468.00		
Post Office			2,450.00		
EMS Building			3,988.00		
Old Gym			149.35		
Health Department			6,952.60		
County Agent Extension Building			1,658.00		
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	276,761.37	318,266.01	20%
Tax allocation paid to City of Ellaville	725,000.00	78,726.52	103,719.45	182,445.97	25%
	$ 2,300,000.00	$ 120,231.16	$ 380,480.82	$ 500,711.98	22%

NOTES:
1. The County follows the accrual basis of accounting in preparing this schedule. The method is consistent 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.
3. At June 30, 2015, the SPLOST bank account reported a balance of $147,762.85.
4. The following have been paid by the General Fund which will be reimbursed by SPLOST:
   HVAC repairs to public buildings $ 3,899.00

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, 2015, and the related notes to the financial statements, which collectively comprise Schley County's basic financial statements, and have issued our report thereon dated February 1, 2016. Our opinions were modified for the following reasons:

Basis for Disclaimer of Opinion

Financial statements of the Ellaville-Schley County Recreation Authority have not been prepared for the year ended December 31, 2014, 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.

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 control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control 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. (15-01, 15-02, 15-03, 15-04, 15-05, 15-06, 15-07, 15-08, 15-09, and 15-10).

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. (15-11, and 15-12)

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 (15-03, 15-04, 15-05, 15-06, 15-07, 15-10, 15-11, and 15-12).

We noted certain matters that we reported to management of Schley County, Georgia, in a separate letter dated February 1, 2016.

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.

Chamblissa Sheppard Roland & Associates LLP

Americus, Georgia
February 1, 2016

SCHLEY COUNTY, GEORGIA

Schedule of Findings and Responses
For the Year Ended June 30, 2015

Section I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	*Unmodified for all opinion units, except Disclaimer of Opinion 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
Noncompliance material to financial statements noted?	_X_ yes ___no

Federal Awards

There was not an audit of federal award programs as of June 30, 2015, due to the total amount expended being less than $500,000.

Section II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

15-01 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 Administrator should evidence his review of the monthly bank reconciliations by initial. He should also evidence his review of utility billing accounts receivable, and any other accounting subsidiary reports, schedules, and workpapers.

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.

15-02 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: 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 12 departments or line items exceeded the budget by at least $66,251.

Cause: County departments did not monitor expenditures of budget and actual so that budget overruns could be addressed 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. The County Administrator will give a financial report at each Commissioners meeting which includes notice of departments that are in danger of exceeding budget. The County Commissioners are not always able to control emergency spending, but will be alerted as soon as possible.

15-03 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.

Condition: Water Fund bank loan matured on December 31, 2014. 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 principal and accrued interest, and the renewal of the loan.

Effect: The General Fund paid bank loan principal and interest for the Water Fund in the amount of $68,047.85.

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 an interfund transfer by approving a budget amendment.

Management's Response: We concur with the finding. The Board of Commissioners passed a budget amendment in October, 2015, to authorize a transfer of funds from the General Fund to the Water Fund. 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.

15-04 Excess Funds in Accounts of Tax Commissioner, Clerk of Superior Court, and Magistrate Court

Criteria: The Tax Commissioner, Clerk of Superior Court, and Magistrate Court collect funds for the County, State, School and others. Funds should be paid out in the following month. There are no provisions for these entities to hold funds.

Condition: Monies are on deposit in the Tax Commissioner's accounts, Magistrate Court, and the Clerk's Escrow account that does not have adequate documentation of source or purpose.

Effect: At June 30, 2015, the Tax Commissioner held excess cash of $4,457.34; the Clerk's Escrow account held a total of $4,669.56 - $2,108 is on deposit for which no documentation can be found, and $2,577 is held in the escrow account for five cases dating back to 2005; the Magistrate Court operating account held excess cash of $2,010.56; the Magistrate Court garnishment account held $709.13 including $604.09 for bankruptcies.

Recommendation: These elected officials should take immediate action to disburse those funds and develop procedures to insure that funds collected are promptly disbursed of held in accordance with direct order.

Management's Response: We concur with the finding. The elected officials will work to clear the undocumented funds.

SCHLEY COUNTY, GEORGIA

Schedule of Findings and Responses
For the Year Ended June 30, 2015

15-05 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, 2015, $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. In fiscal year 2013 the Chairman of the Board of Commissioners has made a decision to repay the funds at the rate of $10,000 to $15,000 per year.

15-06 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.

15-07 Budget for General Fund

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: The annual budget for the General Fund included revenues of $195,000 for T-SPLOST; $4,000 for the Jail Construction and Maintenance Fund; and $100 for the Drug Treatment and Education Fund. The expenditure budget did not separate these funds from general fund expenditures.

Effect: General fund expenditures included expenditures properly accounted for in special revenue funds thus the general fund budget did not accurately plan for the use of general revenues.

Recommendation: The County General Fund budget should include expenditures to be funded with general revenues. 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. The General Fund budget will be prepared for expenditures to be funded with general revenues for fiscal year end June 30, 2017.

15-08 Inadequate Monitoring of Ambulance Billing Service

Criteria: The County has contracted with independent firms to prepare billing for ambulance services, and also to file claims for reimbursement with insurance, Medicare, Medicaid and other third parties.

Condition: The County has not exercised sufficient monitoring of the service.

Effect: In the year ended June 30, 2015, the balances in the accounts for all financial classes decreased by $267,850. Total receipts for the year was only $65,724. There was no evidence that the board of commissioners approved write-offs or other discounts to account for the difference of $202,126.

Recommendation: The County Administrator and the EMS Director should develop procedures to monitor the patient accounts receivable and to apply collection action to past due accounts within the policies set by the Board of Commissioners for collection. Accounts deemed uncollectible should be approved for write-off by the Board of Commissioners.

Management's Response: We concur with the finding. The County has changed billing services in March, 2015. We believe the new billing service will provide better information for us to adequately monitor the patient accounts receivable. Bad debts will be brought to the Board of Commissioners as necessary for action to write-off, and we will monitor the past due accounts each month.

15-09 Inadequate financial reporting by the Ellaville-Schley County Recreation Authority

Criteria: The Ellaville-Schley County Recreation Authority is a separate organization considered a component unit of the County. Financial accountability is a necessary component of reasonable oversight of the organization.

Condition: The Board of the Recreation Authority has not been provided adequate financial reports to reasonably fulfill their fiduciary responsibility.

Effect: Financial statement for the year ended December 31, 2014 was not prepared and thus was not available for inclusion in the County's Annual Financial Report. The Recreation Authority, Schley County Board of Commissioners and the Ellaville City Council were not adequately informed of the financial status of the Recreation Authority. The lack of sufficient financial reports could result in misappropriation of funds.

Recommendation: The County Administrator should require that the Recreation Authority provide monthly financial reports that at least account for receipts and disbursements in a format that shows the activities of the Recreation Authority. The financial reports should also include at least a reconciliation or balance to the balance in the bank account. Reports of loans or other debt should be included in the monthly financial reports. Financial reports should be presented at the monthly Board of Commissioners meetings.

Management's Response: We concur with the finding. We are satisfied with the financial reporting of the Recreation Authority and believe our present representation on the Recreation Authority board is sufficient for us to exercise our fiduciary duty. The County Administrator will require monthly financial reports from the Recreation Authority.

15-10 Competitive Bidding on Courthouse Restoration Project

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

Condition: The arrangement for the purchase of building materials and labor for the courthouse restoration project from a local modular building manufacturer was not subjected to competitive bidding, but was approved by the Board of Commissioners at their meeting of November 8, 2014.

Effect: Expenditures could be made that are above prevailing costs and result in unfavorable costs to the County.

Recommendation: The County should follow competitive bidding procedures when required.

Management's Response: We concur with the finding. We are satisfied that the supplier is providing materials and labor at fair and reasonable price. Furthermore, one of our county commissioners is providing competent construction management free of cost to the County.

15-11 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.

15-12 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. For over one year we have been selling water to the City of Ellaville, and the proceeds of those sales are being paid to USDA to be applied to the Series 2008 bonds. We have established the Schley County Utilities Authority effective July 1, 2015, who will have fiduciary responsibilities for all water utility issues including debt.

SCHLEY COUNTY, GEORGIA

Schedule of Findings and Responses
For the Year Ended June 30, 2015

Section III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

SCHLEY COUNTY, GEORGIA
Status of Prior Year Findings
As of June 30, 2015

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.

Auditee Response/ Status: Unresolved. See current finding 15-01.

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.

Auditee Response/ Status: Unresolved. See current finding 15-02.

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 either by 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.

Auditee Response/ Status: Unresolved. See current finding 15-03.

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.

Auditee Response/ Status: Resolved.

SCHLEY COUNTY, GEORGIA
Status of Prior Year Findings
As of June 30, 2015

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.

Auditee Response/ Status: Partially resolved. The Tax Commissioner has developed procedures to reconcile monthly receipts and disbursements. There is a remaining undocumented balanced of $4,457.34. See current finding 15-04.

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.

Auditee Response/ Status: Resolved. See current finding 15-05.

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.

Auditee Response/ Status: Unresolved. See current finding 15-06.

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.

Auditee Response/ Status: Unresolved. See current finding 15-04.

SCHLEY COUNTY, GEORGIA
Status of Prior Year Findings
As of June 30, 2015

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.

Auditee Response/ Status: Unresolved. See current year finding 15-12.

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.

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 15-13.

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.

Auditee Response/ Status: Resolved