SCHLEY COUNTY, GEORGIA

FINANCIAL REPORT

For the Fiscal Year Ended
JUNE 30, 2016

SCHLEY COUNTY, GEORGIA
Annual Financial Report
For the Year Ended June 30, 2016

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For the Fiscal Year Ended June 30, 2016

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FINANCIAL SECTION

CSR
CHAMBLISS, SHEPPARD, ROLAND
& ASSOCIATES, LLP

INDEPENDENT AUDITOR'S REPORT

To the Schley County Board of Commissioners
Ellaville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of Schley County, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to 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, 2015, 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, 2016, and the respective changes in financial position and, where applicable, cash flows of the business-type activities for the year then ended and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

The Schedule of changes in the County's net pension liability and the schedule of County contributions (on pages 42 and 43) 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 13, 2017 on our consideration of Schley County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Schley County Board of Health's internal control over financial reporting and compliance.

Chambliss Hoggard Reed and Associates LLP

Americus, Georgia
February 13, 2017

SCHLEY COUNTY, GEORGIA
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Schley County Department of Public Health	Ellaville - Schley County Recreation Authority
ASSETS					
Cash	$ 1,308,110	$ 31,705	$ 1,339,815	$ 60,637	$ -
Receivables (Net, where applicable, of allowances for uncollectible):					
Property taxes	88,217	-	88,217	-	-
Sales taxes	69,643	-	69,643	-	-
Accounts	63,899	67,335	131,234	-	-
Intergovernmental	-	-	-	10,745	-
Inventory	12,934	53,514	66,448	-	-
Prepaid items	8,926	-	8,926	-	-
Internal balances	220,731	(220,731)	-	-	-
Restricted Cash	-	51,655	51,655	-	-
Capital assets, non-depreciable	217,123	10,000	227,123	-	-
Capital assets, depreciable net of accumulated depreciation	2,146,137	10,886,316	13,032,453	-	-
Total Assets	4,135,720	10,879,794	15,015,514	71,382	-
DEFERRED OUTFLOWS OF RESOURCES					
Employer pension contributions	-	-	-	19,407	
Change in proportion share of contributions - pension plan	-	-	-	2,631	-
Total deferred outflows of resources	-	-	-	22,038	
LIABILITIES					
Accounts payable	90,473	21,282	111,755	-	-
Due to other governments	-	-	-	-	-
Accrued wages and payroll liabilities	42,850	5,561	48,411	-	-
Compensated absences due, within one year	13,419	2,104	15,523	5,960	-
Landfill postclosure care costs, due within one year	266,800	-	266,800	-	-
Accrued interest payable	-	1,126,478	1,126,478	-	-
Short-term loan	-	745,955	745,955	-	-
Bonds payable, due within one year	-	67,696	67,696	-	-
Net pension liability	204,246	-	204,246	88,118	-
Compensated absences, due in more than one year	1,152	701	1,853	4,834	-
Customer deposits	-	50,747	50,747	-	-
Landfill postclosure care costs, due in more than one year	381,109	-	381,109	-	-
Bonds payable, due in more than one year	-	5,394,357	5,394,357	-	-
Total Liabilities	1,000,049	7,414,881	8,414,930	98,912	-
DEFERED INFLOWS OF RESOURCES					
Proportionate share of collective deferred inflows of resources - pension plan	-	-	-	29,683	-
Total deferred inflows of resources	-	-	-	29,683	-
NET POSITION					
Net investment in capital assets	2,363,260	5,434,263	7,797,523	-	-
Restricted for:					
Capital projects	394,152	-	394,152	-	-
Judicial purposes	39,263	-	39,263	-	-
Public safety purposes	38,602	-	38,602	-	-
Jail inmates	1,842	-	1,842	-	-
Health and welfare purposes	-	-	-	31,101	
Unrestricted	298,552	(1,969,350)	(1,670,798)	(66,276)	-
Total Net Position	$ 3,135,671	$ 3,464,913	$ 6,600,584	$ (35,175)	$ -

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Functions/Program	Expenses	Program Revenues: Fees, Fines & Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Schley County Department of Public Health	Component Units: Ellaville - Schley County Recreation Authority
Governmental Activities:									
General Government	$ 696,907	$ 76,337	$ -	$ -	$ (620,570)	$ -	$ (620,570)	$ -	$ -
Judicial	269,964	89,332	-	-	(180,632)	-	(180,632)	-	-
Public Safety	934,743	132,386	5,000	4,903	(792,454)	-	(792,454)	-	-
Public Works	1,006,060	196,594	142,866	-	(666,600)	-	(666,600)	-	-
Health and Welfare	61,207	-	-	-	(61,207)	-	(61,207)	-	-
Culture and Recreation	91,819	-	-	-	(91,819)	-	(91,819)		
Housing and Development	30,083	-	-	-	(30,083)	-	(30,083)	-	-
Total Governmental Activities	3,090,783	494,649	147,866	4,903	(2,443,365)	-	(2,443,365)	-	-
Business-Type Activities:									
Water Department	813,803	316,778	-	-	-	(497,025)	(497,025)	-	-
Sanitation Department	258,537	198,736	-	-	-	(59,801)	(59,801)	-	-
Total Business-Type Activities	1,072,340	515,514	-	-	-	(556,826)	(556,826)	-	-
Total Primary Government	$ 4,163,123	$ 1,010,163	$ 147,866	$ 4,903	(2,443,365)	(556,826)	(3,000,191)		
Component Units:									
Schley County Health Department	148,262	41,675	114,720	-	-	-	-	$ 8,133	$ -
Ellaville-Schley County Recreation Authority	-	-	-	-	-	-	-	-	-
Total Component Units	$ 148,262	$ 41,675	$ 114,720					8,133	-
General revenues:									
Taxes:									
Property and Timber					1,268,184	-	1,268,184	-	-
Motor Vehicle and Mobile Home					205,424		205,424		
Sales					685,330	-	685,330	-	-
Insurance Premium					167,843	-	167,843	-	-
Other					86,674	-	86,674	-	-
Allotments from Participating Local Government					-	-	-	34,000	-
Interest Earnings					2,513	-	2,513	32	-
Rental Earnings					36,239	-	36,239	-	-
Gain / (Loss) on Sale of Confiscated Property					1,528	-	1,528	-	-
Reimbursed Landfill Postclosure Expenses					-	16,483	16,483	-	-
Miscellaneous					600	-	600	-	-
Transfers					(146,571)	146,571	-	-	-
Total general revenues and transfers					2,307,764	163,054	2,470,818	34,032	-
Change in net position					(135,601)	(393,772)	(529,373)	42,165	-
Net position - Beginning of Year, as restated					3,271,272	3,858,685	7,129,957	(77,340)	-
Net position - ending of year					$ 3,135,671	$ 3,464,913	$ 6,600,584	$ (35,175)	$ -

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General	Transportation Special 1% Sales Tax Fund	Special 1% Sales Tax Fund 2013	Other Governmental Funds	Total
ASSETS					
Cash in Bank	$ 1,051,663	$ 116,438	$ 35,981	$ 104,028	$ 1,308,110
Receivables (net of allowance for uncollectible)	175,295	23,297	23,167	-	221,759
Inventories	12,934	-	-	-	12,934
Prepaid Items	8,926	-	-	-	8,926
Due from Other Funds	252,298	-	-	83,639	335,937
Total Assets	1,501,116	139,735	59,148	187,667	1,887,666
LIABILITIES					
Accounts Payable	70,339	20,134	-	-	90,473
Accrued Salaries and Payroll Liabilities	38,994	3,856	-	-	42,850
Due to Other Funds	83,639	27,207	-	4,360	115,206
Total Liabilities	192,972	51,197	-	4,360	248,529
DERERRED INFLOWS OF RESOURCES					
Unavailable Revenue-Property Tax	76,292	-	-	-	76,292
Total Deferred Inflows of Resources	76,292	-	-	-	76,292
FUND BALANCES					
Nonspendable	21,860	-	-	-	21,860
Restricted	142,866	88,538	59,148	181,465	472,017
Committed	-	-	-	1,842	1,842
Assigned	-	-	-	-	-
Unassigned	1,067,126	-	-	-	1,067,126
Total Fund Balances	1,231,852	88,538	59,148	183,307	1,562,845
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,501,116	$ 139,735	$ 59,148	$ 187,667	

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.		2,363,260
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Property Tax		76,292
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated Absences	(14,571)	
Net Pension Liability	(204,246)	
Landfill Postclosure Care Costs	(647,909)	(866,726)
Net position of governmental activities		$ 3,135,671

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, 2016

	General	Transportation Special 1% Sales Tax Fund	Special 1% Sales Tax Fund 2013	Other Governmental Funds	Total
REVENUES:					
Property and Timber Taxes	$ 1,223,207	$ -	$ -	$ -	$ 1,223,207
Motor Vehicle and Mobile Home Taxes	205,424				205,424
Sales Tax	138,754	263,723	282,853		685,330
Insurance Premium Tax	167,843				167,843
Financial Institutions Tax	10,112				10,112
Other Taxes	76,562			-	76,562
Licenses and Permits	15,685	-	-	-	15,685
Intergovernmental	147,866	-	-	4,903	152,769
Charges for Services	387,768	-	-	-	387,768
Fines and Forfeitures	47,953	-	-	11,020	58,973
Interest	2,477	-	-	36	2,513
Miscellaneous	60,229	-	-	8,833	69,062
Total Revenues	2,483,880	263,723	282,853	24,792	3,055,248
EXPENDITURES:					
Current Operating Expenditures					
General Government	489,694	-	-	-	489,694
Judicial	268,182	-		1,395	269,577
Public Safety	857,158	-	-	7,816	864,974
Public Works	316,020	676,507	-	4,500	997,027
Health and Welfare	54,569	-	-	-	54,569
Culture and Recreation	90,242	-	-	-	90,242
Housing and Development	30,083	-	-	-	30,083
Intergovernmental (City of Ellaville)	-	-	91,171	-	91,171
Capital Outlay	-	-	373,523	10,049	383,572
Total Expenditures	2,105,948	676,507	464,694	23,760	3,270,909
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	377,932	(412,784)	(181,841)	1,032	(215,661)
OTHER FINANCING SOURCES (USES):					
Sale of Confiscated Property	1,528	-	-	-	1,528
Transfers In	-	288,844	106,237	-	395,081
Transfers Out	(436,915)	-	-	(104,737)	(541,652)
Total Other Financing Sources (Uses)	(435,387)	288,844	106,237	(104,737)	(145,043)
NET CHANGE IN FUND BALANCES	(57,455)	(123,940)	(75,604)	(103,705)	(360,704)
FUND BALANCE - BEGINNING OF YEAR	1,289,307	212,478	134,752	287,012	1,923,549
FUND BALANCE - END OF YEAR	$ 1,231,852	$ 88,538	$ 59,148	$ 183,307	$ 1,562,845

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, 2016

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.		$ (360,704)
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.		219,952
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property tax receivable	44,977	44,977
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	2,806	
Net change in pension liability	(74,914)	
Landfill expenditures	32,282	(39,826)
Change in Net Position of Governmental Activities.		$ (135,601)

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, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
TAXES				
Real and Personal Property	$ 1,186,000	$ 1,186,000	$ 1,191,627	$ 5,627
Timber Tax	25,000	25,000	31,580	6,580
Mobile Home	4,000	4,000	15,618	11,618
Motor Vehicle	12,000	12,000	71,031	59,031
Title Ad Valorem	158,500	158,500	118,775	(39,725)
Insurance Premium Tax	150,000	150,000	167,843	17,843
Financial Institutions	6,600	6,600	10,112	3,512
Local Option Sales Tax	148,000	148,000	138,754	(9,246)
T-SPLOST	253,225	253,225	263,723	10,498
Real Estate Transfer Tax	-	-	2,811	2,811
Intangible Recordings	-	-	10,019	10,019
Interest, Cost, Penalties & Fees	16,000	16,000	42,195	26,195
Conservation Use Breach Penalty	-	-	12,020	12,020
Railroad Car Tax	7,100	7,100	7,742	642
Franchise Tax	1,100	1,100	1,739	639
Alcoholic Beverage Excise	200	200	36	(164)
Total Taxes	1,967,725	1,967,725	2,085,625	117,900
LICENSES AND PERMITS				
Alcohol Beverage License	250	250	250	-
Zoning Permits			150	150
Building Permits	11,000	11,000	15,285	4,285
Total Licenses and Permits	11,250	11,250	15,685	4,435
INTERGOVERNMENTAL				
Local Maintenance and Improvement Grant	150,000	150,000	142,866	(7,134)
Federal (through GEMA)	5,000	5,000	5,000	-
Total Intergovernmental	155,000	155,000	147,866	(7,134)
CHARGES FOR SERVICES				
Sheriff Fees and Charges	5,000	5,000	10,571	5,571
Superior Court Fees	32,300	32,300	23,403	(8,897)
Magistrate Court Fees	7,700	7,700	2,998	(4,702)
Probate Court Fees	70,500	70,500	50,239	(20,261)
Fuel Sales	42,500	42,500	35,977	(6,523)
Ambulance Fees	72,000	72,000	89,141	17,141
Commission on Tax	54,000	54,000	55,338	1,338
Jail Contract City of Ellaville	18,000	18,000	18,000	-
Sheriff Secretary (City)	7,308	7,308	7,513	205
Right of Way Maintenance Contract	137,150	137,150	137,150	-
Sanitation Fees	170,000	170,000	-	(170,000)
Qualifying Fees	6,000	6,000	5,387	(613)
Sanitation Bankcard Fees	20,000	20,000	-	(20,000)
Bank Fees	20,000	20,000	-	(20,000)
Other Revenues	-	-	4	4
Total Charges for Services	662,458	662,458	435,721	(226,737)
FINES & FORFEITURES				
Total Fines and Forfeitures (included above)	-	-	-	-
INVESTMENT INCOME				
Interest Revenues	-	-	2,477	2,477

(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, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES (continued)				
MISCELLANEOUS				
Rental Income	41,167	41,167	36,239	(4,928)
Reserves	34,076	34,076	-	(34,076)
Driveway Pipe & Dirt Sales	4,500	4,500	23,389	18,889
Miscellaneous	3,000	3,000	601	(2,399)
Total Miscellaneous Revenue	82,743	82,743	60,229	(22,514)
Total Revenues	2,879,176	2,879,176	2,747,603	(131,573)
EXPENDITURES				
GENERAL GOVERNMENT				
County Administration	$ 87,500	$ 87,500	$ 97,480	$ (9,980)
County Clerk	62,836	62,836	62,564	272
Elections	34,072	34,072	23,549	10,523
Courthouse Upkeep & Utilities	13,145	13,145	18,711	(5,566)
Tax Commissioner	86,788	86,788	88,521	(1,733)
Tax Assessor	75,835	75,835	76,646	(811)
Board of Equalization	795	795	1,038	(243)
Reserves	278,696	278,696	-	278,696
Post Office	500	500	823	(323)
America Bank Loan	68,048	68,048	-	68,048
Insurance Premium (Sanitation)	150,000	150,000	-	150,000
General Operations	117,279	117,279	120,362	(3,083)
Total General Government	975,494	975,494	489,694	485,800
JUDICIAL				
Magistrate Court	54,162	54,162	54,895	(733)
Probate Court	87,928	87,928	82,571	5,357
Superior Court	72,103	72,103	71,989	114
Superior Court Judges	22,021	22,021	33,399	(11,378)
District Attorney	12,000	12,000	12,000	-
Grand Jury	10,690	10,690	5,764	4,926
Juvenile Court and Supervision	7,284	7,284	7,564	(280)
Total Judicial	266,188	266,188	268,182	(1,994)
PUBLIC SAFETY				
Sheriff	280,914	280,914	313,039	(32,125)
Jail	198,049	198,049	205,864	(7,815)
Community Service Supervision	-	-	2,370	(2,370)
Fire Department & Ambulance Service	288,200	288,200	306,268	(18,068)
Coroner	6,184	6,184	4,462	1,722
Emergency Management	10,000	10,000	9,363	637
Middle Flint E-911	10,571	10,571	15,792	(5,221)
Total Public Safety	793,918	793,918	857,158	(63,240)
PUBLIC WORKS				
Fuel to Sale	150,000	150,000	51,120	98,880
Road	479,369	479,369	263,483	215,886
Landfill Closure Costs	40,000	40,000	1,417	38,583
Total Public Works	669,369	669,369	316,020	353,349

(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, 2016

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
EXPENDITURES (continued)				
HEALTH AND WELFARE				
Health Department	43,585	43,585	44,973	(1,388)
Family and Children Services	9,000	9,000	9,596	(596)
Total Health and Welfare	52,585	52,585	54,569	(1,984)
CULTURE AND RECREATION				
Recreation	40,000	40,000	40,462	(462)
Library	23,347	23,347	22,704	643
Senior Citizens Center	27,000	27,000	27,076	(76)
Total Culture and Recreation	90,347	90,347	90,242	105
HOUSING AND DEVELOPMENT				
Zoning Board	3,000	3,000	3,250	(250)
Extension Service	19,349	19,349	17,907	1,442
Forestry Commission	8,926	8,926	8,926	-
Total Housing and Development	31,275	31,275	30,083	1,192
Total Expenditures	2,879,176	2,879,176	2,105,948	773,228
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	641,655	641,655
OTHER FINANCING USES				
Sale of Capital Assets and Other Surplus	-	-	1,528	1,528
Transfers Out	-	-	(436,915)	(436,915)
Total Other Financial Sources	-	-	(435,387)	(435,387)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	-	-	206,268	206,268

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance:	
Elimination of Special Revenues:	
Revenue T-SPLOST	$ (263,723)
Total revenue adjustments	(263,723)
Net Change in Fund Balance	$ (57,455)

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Enterprise Fund		
	Water Fund	Sanitation Fund	Total
ASSETS			
Current Assets			
Cash	$ 19,739	$ 11,966	$ 31,705
Accounts Receivable, net of Allowance for Doubtful Accounts	37,707	29,628	67,335
Inventory	53,514	-	53,514
Total Current Assets	110,960	41,594	152,554
Noncurrent Assets:			
Cash - Customer Deposits	51,655	-	51,655
Due from Water Fund	-	3,712	3,712
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	(2,891,018)	-	(2,891,018)
Capital Assets, net of depreciation	10,896,316	-	10,896,316
Total Noncurrent Assets	10,947,971	3,712	10,951,683
Total Assets	11,058,931	45,306	11,104,237
LIABILITIES			
Current Liabilities:			
Accounts Payable	21,282	-	21,282
Accrued Wages	4,299	1,262	5,561
Compensated Absences	-	2,104	2,104
Accrued Interest Payable	1,126,478	-	1,126,478
Notes Payable Bank	745,955	-	745,955
Notes Payable USDA Bonds	67,696	-	67,696
Total Current Liabilities	1,965,710	3,366	1,969,076
Long-Term Liabilities:			
Due to General Fund	202,442	18,289	220,731
Due to Sanitation Fund	3,712	-	3,712
Customer Water Deposits	50,747	-	50,747
Compensated Absences	-	701	701
Notes Payable USDA Bonds	5,394,357	-	5,394,357
Total Long-Term Liabilities	5,651,258	18,990	5,670,248
Total Liabilities	7,616,968	22,356	7,639,324
NET POSITION			
Net investment in capital assets	5,434,263	-	5,434,263
Unrestricted	(1,992,300)	22,950	(1,969,350)
Total Net Position	$ 3,441,963	$ 22,950	$ 3,464,913

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, 2016

	Enterprise Fund		
	Water Fund	Sanitation Fund	Total
OPERATING REVENUES			
Charges for Services	$ 311,698	$ 197,875	$ 509,573
Water Tap-on and Other Fees	5,080	-	5,080
Other Fees	-	861	861
Total Operating Revenues	316,778	198,736	515,514
OPERATING EXPENSES			
Personal Services	83,323	41,015	124,338
Material & Supplies	5,225	-	5,225
Maintenance, Operations & Contracted	174,485	198,016	372,501
Landfill Postclosure Care	-	19,506	19,506
Depreciation	284,261	-	284,261
Total Operating Expenses	547,294	258,537	805,831
Operating Income (Loss)	(230,516)	(59,801)	(290,317)
NON-OPERATING REVENUE (EXPENSE)			
Reimbursed Landfill Postclosure Expenses	-	16,483	16,483
Interest Expense	(266,509)	-	(266,509)
Net Non-Operating Revenue (Expense)	(266,509)	16,483	(250,026)
Income (Loss) before transfers	(497,025)	(43,318)	(540,343)
TRANSFERS			
Transfers in	91,571	55,000	146,571
Net transfers in / (out)	91,571	55,000	146,571
CHANGE IN NET POSITION	(405,454)	11,682	(393,772)
NET POSITION - BEGINNING OF YEAR	3,847,417	11,268	3,858,685
NET POSITION - END OF YEAR	$ 3,441,963	$ 22,950	$ 3,464,913

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Enterprise Fund		
	Water Fund	Sanitation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 309,845	$ 200,015	$ 509,860
Cash Payments to Suppliers for Materials and Supplies	(5,019)	-	(5,019)
Cash Payments to Employees for Services	(27,120)	(18,545)	(45,665)
Maintenance, Operating & Contract Services	(150,875)	(200,765)	(351,640)
Net Cash Provided (Used) by Operating Activities	126,831	(19,295)	107,536
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Customer Water Deposits Received	4,887	-	4,887
Customer Water Deposits Refunded or Applied to Bill	(400)	-	(400)
Transfer from General Fund	65,091	20,000	85,091
Net Cash Provided by Non-Capital Financing Activities	69,578	20,000	89,578
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on Long-Term Debt	(25,473)	-	(25,473)
Interest Paid on Long-Term Debt	(102,011)	-	(102,011)
Proceeds from Short-Term Bank Loan	745,955	-	745,955
Payments on Short-Term Bank Loan	(784,690)	-	(784,690)
Interest paid on short-term bank loan	(25,857)	-	(25,857)
Net Cash (Used) by Capital and Related Financing Activities	(192,076)	-	(192,076)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan from General fund		8,200	8,200
Net Cash Provided (Used) by Investing Activities	-	8,200	8,200
Net Increase (Decrease) in Cash and Cash Equivalents	4,333	8,905	13,238
Cash and Cash Equivalents at June 30, 2015	67,061	3,061	70,122
Cash and Cash Equivalents at June 30, 2016	$ 71,394	$ 11,966	$ 83,360
Displayed as:			
Cash - Operations Account	$ 19,739	$ 11,966	$ 31,705
Cash - Customer Deposits	51,655	-	51,655
	$ 71,394	$ 11,966	$ 83,360

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Enterprise Fund		
	Water Fund	Sanitation Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES			
Operating Income (Loss)	$ (230,516)	$ (59,801)	$ (290,317)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities :			
Depreciation	284,261	-	284,261
(Increase) Decrease in Accounts Receivable	(6,657)	1,226	(5,431)
(Increase) Decrease in Due from Water Fund	-	796	796
Increase (Decrease) in Due to General Fund	60,258	37,849	98,107
Increase (Decrease) in Due to Sanitation Fund	(796)	-	(796)
Increase (Decrease) in Accounts Payable	16,762	-	16,762
Increase (Decrease) in Accrued Salaries	3,995	960	4,955
Increase (Decrease) in Compensated Absences	(476)	(325)	(801)
Net Cash Provided By (Used In) Operations	$ 126,831	$ (19,295)	$ 107,536

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
June 30, 2016

	Agency Funds
ASSETS	
Cash	$ 77,774
Taxes Receivable (net of doubtful accounts $16,982)	139,055
Total Assets	$ 216,829
LIABILITIES	
Due to Others	$ 216,829
Total Liabilities	$ 216,829

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. By County Ordinance dated March 8, 2016, Schley County changed to a County Commissioner-Manager form of government. The County is governed by a five member Board of Commissioners four of whom are elected 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 manager 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 pow-

ers, 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, 2016. 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, 2016, Schley County contributions were $40,462 which includes $38,790 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, 2015, 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. *Governmental activities*, which generally are supported by taxes and County general revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

The statement of activities presents a comparison between direct expenses and program revenues (defined below) for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. A *function* is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. The comparisons of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

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

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

> ***Governmental Funds*** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance. The following are the County's major governmental funds:
>
> > ***General Fund*** – The general fund accounts for all financial resources except those required to be accounted for in other funds described below. Additionally, the General Fund sells diesel and gasoline to the City of Ellaville. 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.

Transportation Special 1% Sales Tax Fund (T-SPLOST) – This Governmental Fund is used to collect allocations of a special 1% sales tax by the county for transportation projects as defined in paragraph (10) of Code Section 48-8-242 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. See Note 17, Schley County Utilities Authority.

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 statements, 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. According-

ly, 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, 2016.

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 inconsistent with generally accepted accounting principles, because T-SPLOST special revenue is included with the General Fund budget. Annual budgets are also adopted for each special revenue fund except the T-SPLOST Fund required by OCGA 36-81-3(b). The County Manager 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. Budgets for the Capital Projects Funds (SPLOST 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, 2016, at the department level (the legal level of control):

	Final Budget	Actual	Overage
County Administration	$ 87,500	$ 97,480	$(9,980)
County Upkeep & Utilities	13,145	18,711	(5,566)
General Operations	117,279	120,362	(3,083)
Superior Court Judges	22,021	33,399	(11,378)

Sheriff	280,914	313,039	(32,125)
Jail	198,049	205,864	(7,815)
Fire Department and Ambulance Service	288,200	306,268	(18,068)
E-911	10,571	15,792	(5,221)

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, 2016, the County did not have any investments. To mitigate *Credit Risk,* State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations fully insured or guaranteed by the U.S. government or by any government agency or the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County does not have a formal investment policy that addresses *Interest Rate Risk* as a means of limiting its exposure to fair value losses arising from rising interest rates.

Note 4 – Receivables

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

	General	T-SPLOST	SPLOST 2013	Water	Sanitation	Total
Receivables						
Property Taxes	$ 97,624	$ -	$ -	$ -	$ -	$ 97,624
Intergovernmental	23,179	23,297	23,167	-	-	69,643
Accounts	141,436	-	-	46,128	84,676	272,240
Gross Receivables	262,239	23,297	23,167	46,128	84,676	439,507
Less: Allowance for Uncollectibles	(86,944)	-	-	(8,421)	(55,048)	(150,413)
Net Receivables	$ 175,295	$ 23,297	$ 23,167	$ 37,707	$ 29,628	$ 289,094

Non-current property tax receivable of $76,292 (net of allowance for uncollectible of $9,408) 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 2015 digest were levied on October 5, 2015. Taxes were billed on October 12, 2015, and were due and payable by December 20, 2015.

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, 2016, 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	342,550	(603,645)	-
Total Nondepreciable Capital Assets	478,218	342,550	(603,645)	217,123
Capital Assets, Being Depreciated:				
Buildings	1,788,108	603,645	-	2,391,753
Machinery and Equipment	1,834,610	41,431	-	1,876,041
Furniture and Fixtures	178,865	-	-	178,865
Total Capital Assets, Being Depreciated	3,801,583	645,076	-	4,446,659
Accumulated Depreciation:				
Buildings	(784,540)	(56,407)	-	(840,947)
Machinery and Equipment	(1,189,523)	(104,644)	2,663	(1,291,504)
Furniture and Fixtures	(162,430)	(2,978)	(2,663)	(168,071)
Total Accumulated Depreciation	(2,136,493)	(164,029)	-	(2,300,522)
Total Depreciable Assets, Net	1,665,090	481,047	-	2,146,137
Governmental Activities, Capital Assets, Net	$ 2,143,308	$ 823,597	$ (603,645)	$ 2,363,260

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

Governmental Activities	
General Government	$ 39,446
Judicial	387
Public Safety	71,765
Public Works	43,934
Health and Welfare	6,638
Culture and Recreation	1,577
Total Governmental Activities Depreciation Expense	$ 163,747

Note 5 – Capital Assets (continued):

	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	(4,749)	(416)	-	(5,165)
Machinery and Equipment	(176,258)	(2,528)	-	(178,786)
Furniture and Fixtures	(10,206)	-	-	(10,206)
Water Plant and Wells	(2,415,544)	(281,317)	-	(2,696,861)
Total Accumulated Depreciation	(2,606,757)	(284,261)	-	(2,891,018)
Capital Assets, Being Depreciated, Net	11,170,577	(284,261)	-	10,886,316
Business-Type Activities Capital Assets, Net	$11,180,577	$(284,261)	$ -	$10,896,316

Governmental Activities Depreciation Expense:

Water Fund	$ 284,261
Sanitation Fund	-
Total business-Type Activities Depreciation Expense	$ 284,261

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	$ -	$ -	$ -	$ -

The Health Department staff reviewed the inventory of capital assets and determined that there were no assets that had an original cost of more than $1,000. Therefore, the schedule of capital assets has been reduced to zero as of June 30, 2016. All of Schley County Department of Public Health's fixed assets are fully depreciated.

Note 6 – Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2016 is as follows:

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	General Fund	$ 83,639
Sanitation Fund	Water Fund	3,712
General Fund	Sanitation Fund	18,289
General Fund	Water Fund	202,442
General Fund	Drug Forfeiture Fund	400
General Fund	Jail construction and Staffing Fund	3,960
General Fund	T-SPLOST	27,207
		$ 339,649

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. During the year ended June 30, 2016, loans from SPLOST 2003-2007 Fund to the Water and Sanitation Funds were fully repaid and a partial payment of $43,257 was made by the General Fund. The loans to the Jail Construction and Staffing Fund and the Drug Forfeiture Fund from the General Fund are the result of fines erroneously deposited to the Drug Fund and equipment for the jail to be reimbursed to the General Fund by the jail Fund. Those loans will be repaid in the following year. The loans from the Sanitation Fund 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	$ 91,571
Sanitation Fund	General Fund	55,000
T-SPLOST	General Fund	288,844
SPLOST 2013	General Fund	1,500
SPLOST 2013	SPLOST 2003-2007	104,737
		$ 541,652

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 2013 Fund was to report use of SPLOST funds repaid by the General Fund, Water Fund and Sanitation Fund for SPLOST 2013 projects similarly budgeted in the SPLOST 2003-2007 Fund.

Note 7 – Fund Equity

Below are the fund balance classifications for the governmental funds at June 30, 2016:

	General	Transportation Special 1% Sales Tax Fund	Special 1% Sales Tax Fund 2013	Non-Major Governmental Funds
Fund Balances				
Non Spendable				
Inventory	$ 12,934	$ -	$ -	$ -
Prepaid items	8,926	-	-	-
Total Non-Spendable	21,860	-	-	-
Restricted				
Capital Projects	142,866	88,538	59,148	103,600
Law Library	-	-	-	33,638
Drug Education	-		-	7,281
Jail Maintenance	-	-	-	15,520
Clerk of Court	-	-	-	5,625
Sheriff's Department	-	-	-	15,801
Total Restricted	142,866	88,538	59,148	181,465
Committed				
Jail Inmate Services	-	-	-	1,842
Total Committed	-	-	-	-
Unassigned	1,067,126	-	-	-
Total Fund Balances	$ 1,231,852	$ 88,538	$ 59,148	$ 183,268

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 2016.

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, 2016:

Business-Type Activities:

	Outstanding 6/30/2015	Additions	Reductions	Outstanding 6/30/2016
Multiple Advance Note	$ 784,690	$ 745,955	$ (784,690)	$ 745,955
Total Business-Type Activities	$ 784,690	$ 745,955	$ (784,690)	$ 745,955

As of June 30, 2016, 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, 2015, was obtained from a local bank; maturity date is December 31, 2016. Interest accrues at 3.250% per annum payable at maturity. $ 745,955
Accrued interest payable as of June 30, 2016, was $12,122.

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, 2016:

	Outstanding 6/30/2015	Additions	Reductions	Outstanding 6/30/2016	Amounts Due in one Year
Governmental Activities:					
Compensated Absences	$ 17,377	$ 24,834	$ (27,640)	$ 14,571	$ 13,419
Net Pension Liability	129,332	75,867	(953)	204,246	-
Landfill Postclosure Costs	680,191	-	(32,282)	647,909	266,800
Total Governmental Activities	$ 826,900	$ 100,701	$ (60,875)	$ 866,726	$ 280,219

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	$ 3,606	$ 5,435	$ (6,236)	$ 2,805	$ 2,104
Water Revenue Bonds	5,487,526	-	(25,473)	5,462,053	67,696
Total Business-Type Activities	$5,491,132	$ 5,435	$ (31,709)	$ 5,464,858	$ 69,800

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, 2016, the County has 10 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 ten years, management has estimated the liability to be $647,909. 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
2017	$ 60,230	$ 26,650
2018	59,009	27,871
2019	57,729	29,151
2020	56,390	30,490
2021	54,989	31,891
2022 - 2026	251,576	182,824
2027 - 2031	205,542	228,858
2032 - 2036	147,916	286,484
2037 - 2041	75,781	358,619
2042 - 2043	6,249	147,801
Total	$ 975,411	$ 1,350,639

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, 2016, the County paid interest of $40,604 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. The County and USAD Rural Development have been in discussion for the last several years, and in the fall of 2016 they reached an agreement to re-amortize the bonds. (See Note 14.)

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 (before the re-amortization described on the previous page) 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
2017	1,293,414	41,046
2018	177,226	42,878
2019	175,312	44,792
2020	173,312	46,792
2021	171,223	48,881
2022 - 2026	821,374	279,146
2027 - 2031	753,255	347,265
2032 - 2036	668,514	432,006
2037 - 2041	563,093	537,427
2042 - 2046	431,948	668,572
2047 - 2051	268,799	831,721
2052 - 2055	71,061	790,888
Total	$ 5,568,531	$ 4,111,414

Interest due in fiscal year 2017 includes accrued interest of $1,114,357 due as of June 30, 2016. The County paid $40,604 during the year ended June 30, 2016 which was credited to accrued interest. The loan re-amortization, referred to above and in Note 14, will include principal and accrued interest.

Component Unit

Schley County Health Department

Long-term activity for the year ended June 30, 2016, was as follows:

	Outstanding 6/30/2015	Additions	Reductions	Outstanding 6/30/2016	Due within One Year
Governmental Activities:					
Compensated Absences	$ 10,823	$ 5,960	$ (5,989)	$ 10,794	$ 5,960
Net Pension Liability	111,881	-	(23,763)	88,118	-
Total	$122,704	$ 5,960	$(29,752)	$ 98,912	$ 5,960

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, 2016, 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	12
	20

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, 2016, the County's contribution rate was 0% of annual payroll. County contributions to the Plan were zero for the year ended June 30, 2016.

Note 10 – Defined Benefit Pension Plans (continued)

A. Primary Government (continued)

Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2016 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2015.

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

Inflation	3.00%
Salary increases	3.5% - 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, 2016 valuation were based on the results of an actuarial experience study for through December 31, 2015.

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 2015.
- 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.

The Trustees' guidelines for asset allocation are as follows:

Asset Class	Target Allocation
Fixed Income	30%
Large Cap Equities	30%
International	15%
Real Estate Investment Trusts	5%
Other	20%

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, 2016, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	$ 341,922	$ 212,590	$ 129,332
Changes for the year:			
Service cost	8,893	-	8,893
Interest on total pension liability	24,988	-	24,988
Contributions - employer	-	-	-
Net investment income	-	953	(953)
Assumption Change	15,327	-	15,327
Benefit payments (Adjusted for interest)	(17,500)	(17,500)	-
Experience (Gain) / Loss	21,141	-	21,141
Administrative expense	-	(3,873)	3,873
Other charges	-	(1,645)	1,645
Net changes	52,849	(22,065)	74,914
Balances at June 30, 2016	$ 394,771	$ 190,525	$ 204,246

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	$ 256,410	$ 204,246	$ 160,669

Note 10 – Defined Benefit Pension Plans (continued)

A. Primary Government (continued)

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, 2015 and the current sharing pattern of costs between employer and employee.

B. Schley County Board of Health

Eligible employees of the Schley County Department of Public Health participate in the Georgia State Employees' Retirement System (ERS), a statewide multiple-employer public employee retirement system. During the fiscal year ended June 30, 2016 the Health Department contributed $19,407. As of June 30, 2016, the Health Department reported a liability in the amount of $88,118 for its proportionate share (.002175%) of the net pension liability. The Health Department recognized pension credit of $10,466 for the fiscal year ended June 30, 2016. Further information regarding the plan can be obtained from the Health Department's annual financial report by contacting the Schley County Department of Public Health, at the address given in Note 1, above.

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 2016.

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, 2016, was $ 78,127.

Various county employees and elected officials are covered under the following plans: Georgia Firefighters' Pension Fund, Magistrates' Retirement Fund of Georgia, Probate Judges' Retirement Fund of Georgia, Peace Officers' Annuity and Benefit Fund of Georgia, Sheriff's Retirement Fund of Georgia, and Superior Court Clerks' Retirement Fund of Geor-

gia. Further information regarding these plans can be obtained from the plans' annual reports

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 legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

Note 14 – Commitments, Contingencies, and Subsequent Event

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, 2016, net position of the Water Fund decreased by $405,454, primarily due to depreciation and accrued interest on the USDA Revenue Bonds, Series 2008. Operating bank loans in the Water Fund was reduced by $38,734 to $745,935. Management and County officials are aware of these deficiencies and continue to increase water customers, and implement cost control policies.

USDA Bond Default and Subsequent Event:
The Water System Water Revenue Bonds, Series 2008 are in default. Refer to Note 9 above for further discussion. The County is refinancing the bonds and the bonds will be re-amortized at 2.0% for 40 years. The loan closing is scheduled for February 21, 2017.

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. The project was completed in March 2016.

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, 2016, the County paid $3,232 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 $15,792 to the Authority during the twelve months ended June 30, 2016.

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, 2016. 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, 2016.

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 provided 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.

The Chairman of the Board of Commissioners is the branch manager of a Georgia bank at which the County has several depository accounts.

REQUIRED SUPPLEMENTARY INFORMATION

Schley County, Georgia
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY
AND RELATED RATIOS
for the Measurement Period Ended December 31, of the years indicated

	2016	2015
Total pension liability		
Service cost	8,893	6,614
Interest on total pension liability	24,988	24,660
Changes of benefit terms		
Liability Experience (Gain) / Loss	21,141	-
Changes of assumptions	15,327	-
Benefit payments, including refunds of employee contributions	(17,500)	(18,157)
Net change in total pension liability	52,849	13,117
Total pension liability - beginning	341,922	328,805
Total pension liability - ending (a)	394,771	341,922
Plan fiduciary net position		
Contributions - employer	-	23,904
Net investment income	953	15,046
Benefit payments, including refunds of employee contributions	(17,500)	(17,501)
Administrative expenses	(3,873)	(3,105)
Other	(1,645)	(14,376)
Net change in plan fiduciary net position	(22,065)	3,968
Plan fiduciary net position - beginning	212,590	208,622
Plan fiduciary net position - ending (b)	190,525	212,590
County's net pension liability - ending (a) - (b)	204,246	129,332
Plan fiduciary net position as a percentage of the total pension liability	48.26%	62.17%
Covered-employee payroll	393,452	306,494
County's net pension liability as a percentage of covered-employee payroll	51.91%	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

	2016	2015	2014
Actuarially determined contribution	$ 29,072	$ 23,904	$ 21,384
Contributions in relation to the actuarially determined contribution	-	23,904	21,617
Contribution deficiency (excess)	$ 29,072	$ -	$ (233)
Covered-employee payroll	393,452	306,494	270,242
Contributions as a percentage of covered	0.00%	7.80%	8.00%

Notes to the Schedule:

Valuation date	January 1, 2015
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	3.5% - 5.5% per year adjusted for age
Amortization Period	Closed level dollar for unfunded liability

SUPPLEMENTARY INFORMATION

SCHLEY COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2016

	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 2008 - 2013	Special 1% Sales Tax Fund 2003 - 2007	Total
ASSETS										
Cash and cash equivalents	$ 33,638	$ 7,681	$ 19,480	$ 5,625	$ 14,578	$ 1,223	$ 1,842	$ 19,961	$ -	$ 104,028
Due from Other Funds	-	-	-	-	-	-	-	-	83,639	83,639
Total assets	$ 33,638	$ 7,681	$ 19,480	$ 5,625	$ 14,578	$ 1,223	$ 1,842	$ 19,961	$ 83,639	$ 187,667
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Due to General Fund	$ -	$ 400	$ 3,960	$ -	$ -	$ -	$ -	$ -	$ -	4,360
FUND BALANCES										
Nonspendable	-	-	-	-	-	-	-	-		-
Restricted										
Capital projects	-	-	-	-	-	-	-	19,961	83,639	103,600
Judicial	33,638	-	-	5,625	-	-	-	-	-	39,263
Public Safety	-	7,281	15,520	-	14,578	1,223	-	-	-	38,602
Committed	-	-	-	-	-	-	1,842	-	-	1,842
Total fund balances	$ 33,638	$ 7,281	$ 15,520	$ 5,625	$ 14,578	$ 1,223	$ 1,842	$ 19,961	$ 83,639	183,307
Total liabilities and fund balances	$ 33,638	$ 7,681	$ 19,480	$ 5,625	$ 14,578	$ 1,223	$ 1,842	$ 19,961	$ 83,639	$ 187,667

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	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 2008 - 2013	Special 1% Sales Tax Fund 2003 - 2007	Total
Revenues										
Fines and forfeitures	$ 2,415	$ 1,506	$ 5,235	$ -	$ 1,864	$ -	$ -	$ -	$ -	$ 11,020
Intergovernmental	-	-	-	-	-	-	-	4,903	-	4,903
Interest income	-	10	26		-	-	-	-	-	36
Other revenues	-	-	-	2,121	5,000	1,480	232	-	-	8,833
Total revenues	2,415	1,516	5,261	2,121	6,864	1,480	232	4,903	-	24,792
Expenditures										
Current										
General government	-	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	1,395	-	-	-	-	-	1,395
Public safety	-	1,720	1,448	-	2,451	1,518	679	-	-	7,816
Public works	-	-	4,500	-	-	-	-	-	-	4,500
Capital outlay	-	-	-	-	-	-	-	10,049	-	10,049
Total expenditures	-	1,720	5,948	1,395	2,451	1,518	679	10,049	-	23,760
Excess (deficiency) of revenues over (under) expenditures	2,415	(204)	(687)	726	4,413	(38)	(447)	(5,146)	-	1,032
Other financing sources (uses)										
Transfers in / (out)	-	-	-	-	-	-	-	-	(104,737)	(104,737)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(104,737)	(104,737)
Net change in fund balances	2,415	(204)	(687)	726	4,413	(38)	(447)	(5,146)	(104,737)	(103,705)
Fund balances, beginning of year	31,223	7,485	16,207	4,899	10,165	1,261	2,289	25,107	188,376	287,012
Fund balances, end of year	$ 33,638	$ 7,281	$ 15,520	$ 5,625	$ 14,578	$ 1,223	$ 1,842	$ 19,961	$ 83,639	$ 183,307

SCHLEY COUNTY, GEORGIA
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2016

	Tax Commissioner	Clerk of Court	Sheriff	Probate Court	Magistrate Court	Totals
ASSETS						
Cash	$ 4,698	$ 66,892	$ 300	$ 2,398	$ 3,486	$ 77,774
Taxes Receivable (less doubtful accounts)	139,055	-	-	-	-	139,055
Total Assets	$ 143,753	$ 66,892	$ 300	$ 2,398	$ 3,486	$ 216,829
LIABILITIES						
Due to Others	$ 143,753	$ 66,892	$ 300	$ 2,398	$ 3,486	$ 216,829
Total Liabilities	$ 143,753	$ 66,892	$ 300	$ 2,398	$ 3,486	$ 216,829

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended June 30, 2016

	Balance 6/30/2015	Additions	Deductions	Balance 6/30/2016
TAX COMMISSIONER				
ASSETS:				
Cash	$ 4,733	$ 4,315,745	$ 4,315,780	$ 4,698
Property & Mobile Home Taxes Receivable:				
State, School,	138,828	1,940,486	1,923,277	156,037
Allowance for Uncollected Taxes	(15,206)	-	1,776	(16,982)
Total Assets	$ 128,355	$ 6,256,231	$ 6,240,833	$ 143,753
LIABILITIES:				
Due to General Fund	$ -	$ 1,533,537	$ 1,533,537	$ -
Due to Others	128,355	4,722,694	4,707,296	143,753
Total Liabilities	$ 128,355	$ 6,256,231	$ 6,240,833	$ 143,753
CLERK OF COURT				
ASSETS:				
Cash - Clerk of Court	$ 5,508	$ 77,435	$ 78,357	$ 4,586
Cash - Clerk of Escrow	62,168	2,214	2,076	62,306
Total Assets	$ 67,676	$ 79,649	$ 80,433	$ 66,892
LIABILITIES:				
Due to General Fund	$ -	$ 37,461	$ 37,461	$ -
Due to Others	67,676	42,188	42,972	66,892
Total Liabilities	$ 67,676	$ 79,649	$ 80,433	$ 66,892
SHERIFF				
ASSETS:				
Cash - Sheriff	$ 300	$ 4,521	$ 4,521	$ 300
Total Assets	$ 300	$ 4,521	$ 4,521	$ 300
LIABILITIES:				
Due to General Fund	$ -	$ 3,371	$ 3,371	$ -
Due to Others or from Others	300	1,150	1,150	300
Total Liabilities	$ 300	$ 4,521	$ 4,521	$ 300

(Continued)

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended June 30, 2016

(Continued)

	Balance 6/30/2015	Additions	Deductions	Balance 6/30/2015
PROBATE JUDGE				
ASSETS:				
Cash	$ 701	$ 90,238	$ 88,541	$ 2,398
Total Assets	$ 701	$ 90,238	$ 88,541	$ 2,398
LIABILITIES:				
Due to General Fund	$ -	$ 50,239	$ 50,239	$ -
Due to Others	701	39,999	38,302	2,398
Total Liabilities	$ 701	$ 90,238	$ 88,541	$ 2,398
MAGISTRATE COURT				
ASSETS:				
Cash Operating	$ 5,517	$ 13,005	$ 16,257	$ 2,265
Cash - Garnishment	484	5,623	4,886	1,221
Total Assets	$ 6,001	$ 18,628	$ 21,143	$ 3,486
LIABILITIES:				
Due to General Fund	$ -	$ 8,948	$ 8,948	$ -
Due to Others	6,001	9,680	12,195	3,486
Total Liabilities	$ 6,001	$ 18,628	$ 21,143	$ 3,486
TOTAL				
ASSETS				
Cash	$ 79,411	$ 4,508,781	$ 4,510,418	$ 77,774
Taxes Receivable	138,828	1,940,486	1,923,277	156,037
Allowance for Uncollected Taxes	(15,206)	-	1,776	(16,982)
Total Assets	$203,033	$6,449,267	$6,435,471	$216,829
LIABILITIES				
Due to General Fund	$ -	$ 1,633,556	$ 1,633,556	$ -
Due to Others	203,033	4,815,711	4,801,915	216,829
Total Liabilities	$ 203,033	$ 6,449,267	$ 6,435,471	$ 216,829

SCHLEY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2003 - 2007 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Year Ended June 30, 2016

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	$ 1,353,978.74	$ -	$ 1,353,978.74	

NOTES:

1. 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.
2. Unbudgeted expenditures are deemed appropriate by County management under the provisions of the Resolution.
3. In addition to the expenditures not identified in the resolution, above, SPLOST funds had been loaned to the following funds:

Loaned to the General Fund	$ 126,895.71
Loaned to the Water Fund,	26,480.00
Loaned to the Sanitation Fund	35,000.00
Total interfund loans	$ 188,375.71

During the year ended June 30, 2016 the following was paid by the General Fund to repay prior year debts owed by the following funds:

Water fund	$ 26,480.00
Sanitation Fund	35,000.00
General Fund	43,257.08
	$ 104,737.08

These funds were paid to the SPLOST 2013-19 Fund for projects consistent with the resolution as follows:

Courthouse renovation	$ 75,706.08
Sheriff Department vehicle	29,031.00
	$ 104,737.08

Balance remaining on the debt after applying the above payments was $83,638.63 is all due from the General Fund.

SCHLEY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2008 - 2013 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Year Ended June 30, 2016

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	149,833.59		149,833.59	83%
Equipping Pumper Truck				-		
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			
EMS Building Sleeping Quarters				5,243.54		
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	-	37,442.41	53%
Fire Fighting Supplies & shipping			9,209.56			
EMS Trauma Equipment (funded by grant)				(97.85)		
Bank Charges	*	-	1,686.03	-	1,686.03	
Total County projects		1,525,000.00	1,196,715.71	5,145.69	1,201,861.40	79%
Tax allocation paid to City of Ellaville		775,000.00	621,045.41	-	621,045.41	80%
Total 2008-2013 SPLOST Funds used		$ 2,300,000.00	$ 1,817,761.12	$ 5,145.69	$ 1,822,906.81	79%
Georgia Association of EMS grant for Trauma Equipment				4,903.16	4,903.16	
Donation for courthouse renovation			6,114.36		6,114.36	
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			$ 1,880,122.82	$ 10,048.85	$ 1,890,171.67	

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 Combining Statement of Revenues, Expenditures and Changes in Fund Balances on Page 45.
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, 2016, the SPLOST bank account reported a balance of $19,960.95, and $1,558.33 of interest had been earned on the account since its inception.

SCHLEY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2013 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Year Ended June 30, 2016

PROJECT	ORIGINAL ESTIMATED COSTS	PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION	
Courthouse Renovation/Expansion	$ 400,000.00	$ 261,095.42	$ 265,343.66	$ 526,439.08	132%	(3)
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	-	18,841.85	13%	
Library			-			
Post Office			90.00			
EMS Building			-			
Old Gym			730.00			
Health Department			545.00			
DFACS Building			560.90			
County Agent Extension Building			-			
3- Sheriff Vehicles	100,000.00	40,254.64	-	40,254.64	40%	(4)
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%	
Extraction Tools & Equipment	75,000.00					
Bank charges		(0.01)	16.96	16.95		
Total County projects	1,575,000.00	318,266.00	267,286.52	585,552.52	37%	
Tax allocation paid to City of Ellaville	725,000.00	182,445.97	91,170.69	273,616.66	38%	
SPLOST 2013-19 funds used	$ 2,300,000.00	$ 500,711.97	$ 358,457.21	$ 859,169.18	37%	
The following supplemental revenues have been received and expended for the following projects:						
Transfer in from the General Fund for Courthouse Renovation		-	1,500.00	1,500.00		
Transfer in from 2003-07 SPLOST for Courthouse Renovation			75,706.08	75,706.08		
Transfer in from 2003-07 SPLOST-for Sheriff's Vehicle		-	29,031.00	29,031.00		
			106,237.08	106,237.08		
SPLOST 2013-19 expenditures		$ 500,711.98	$ 464,694.29	$ 965,406.27		

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. Management believes the SPLOST 2003-07 funds have been used for projects consistent with the original referendum.
3. Courthouse renovation has been funded as follows:

SPLOST 2013-19 funds	$ 526,439.08
Transfer in from the General Fund	1,500.00
Transfer in from 2003-07 SPLOST	75,706.08
	$ 603,645.16

4. Sheriff vehicles has been funded as follows:

SPLOST 2013-19 funds	$ 40,254.64
Transfer in from 2003-07 SPLOST	29,031.00
	$ 69,285.64

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, 2016, 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 13, 2017. 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, 2015, 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. (16-001, 16-002, 16-004, 16-005, 16-007, 16-008, 16-010, and 16-011).

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. (16-003, and 16-006).

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 (16-003, 16-004, 16-005, 16-006, 16-007, 16-008, 16-009, 16-010, and 16-011).

We noted certain matters that we reported to management of Schley County, Georgia, in a separate letter dated February 13, 2017.

Schley County's Response to Findings

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

Purpose of this Report

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

Chambless Sheppard Roland and Associates LLP

Americus, Georgia
February 13, 2017

SCHLEY COUNTY, GEORGIA

Schedule of Findings and Responses
For the Year Ended June 30, 2016

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, 2016, due to the total amount expended being less than $750,000.

Section II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2016-001 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.

2016-001 Segregation of Duties (continued)

Recommendation: The County Manager 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 Manager who oversees the day-to-day operations and is aware of the risks associated with this finding. We have hired a new assistant county clerk who will assist in accounting.

2016-002 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 the following departments or line items exceeded the budget:

	Final Budget	Actual	Overage
County Administration	$ 87,500	$ 97,480	$(9,980)
County Upkeep & Utilities	13,145	18,711	(5,566)
General Operations	117,279	120,362	(3,083)
Superior Court Judges	22,021	33,399	(11,378)
Sheriff	280,914	313,039	(32,125)
Jail	198,049	205,864	(7,815)
Fire Department and Ambulance Service	288,200	306,268	(18,068)
E-911	10,571	15,792	(5,221)

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 Manager will give a financial report at each Commissioners meeting which includes notice of departments that are in danger of exceeding budget. The County Manager will seek budget amendments promptly as necessary.

2016-003 Water Fund Short-Term Bank Loan Paid by General Fund

Criteria: Water Fund short-term bank loan payment was budgeted as a cost of the General Fund.

Condition: Water Fund bank loan matured on December 31, 2016. Funds were not available so the General Fund paid the loan payment.

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 $65,091.12.

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

Recommendation: The General Fund budget should describe the transaction as a transfer to the Water Fund instead of an expenditure of the General Fund.

Management's Response: We concur with the finding. Budgets will reflect the transaction as a transfer.

2016-004 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, 2016, the Tax Commissioner held excess cash of $6,522.83; the Clerk's Escrow account held a total of $4,749.56 - $2,108.00 is on deposit for which no documentation can be found, and $2,641.56 is held in the escrow account for five cases dating back to 2005; the Magistrate Court operating account held excess cash of $1,881.39; the Magistrate Court garnishment account held $580.71 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.

2016-005 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.

Effect: As of June 30, 2016, a balance of $83,638.63 remained on improper prior year loans to the County General Fund for operations or payroll. The loans had not been 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 Fund 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. In the year ended June 30, 2016 the General Fund paid $104,737.08 of expenditures for SPLOST projects. This was treated as paying off the loans to the Water Fund of $26,480, and the Sanitation Fund of $35,000, plus a partial payment of $43,257.08 on the loan to the General Fund.

2016-006 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 $253,225.39 for T-SPLOST. 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 ending June 30, 2017.

2016-007 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, 2015 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. Insufficient financial reports could mask misappropriation of funds.

Recommendation: The County Manager 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 a reconciliation 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. Consideration should be given to making the Recreation program a County department.

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 Manager will require monthly financial reports from the Recreation Authority.

2016-008 Non-Compliance with Purchase Order System

Criteria: The County has implemented a purchase order system, whereby all purchases should be documented with a purchase order.

Condition: In our examination of disbursements in the General Fund, SPLOST 2013 Fund, and the T-SPLOST Fund, we noted several purchases which were not supported by a purchase order. Also, a vehicle was purchased for which there was insufficient evidence of competitive bidding or price comparison.

Effect: Expenditures could be made that are not budgeted or above prevailing costs resulting in potential to exceed the budget.

Recommendation: The County Manager should require the use of purchase orders and insure that capital purchases are made only after competitive bidding procedures or price comparison are documented when required. We also suggest that all invoices be approved by initial of a department head, elected official, or the County Manager, and the fund and account number be written on the invoice.

2016-008 Non-Compliance with Purchase Order System (continued)

Management's Response: We concur with the finding. We will improve compliance with the Purchase Order Policy and we will insure the paid invoices have approval and fund and account number on them. We will adhere to our policies regarding competitive bidding and price comparison to insure that the County is paying fairly.

2016-009 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 or automatic withdrawal directly from the Water Fund Operating Account. The Reserve Account has never been funded.

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.

2016-010 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.

2016-010 Default on Schley County Water Revenue Bonds, Series 2008 (continued)

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 two years 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, 2016, who will have fiduciary responsibilities for all water utility issues including debt. We have negotiated a re-amortization of the Series 2008 Bonds, to reduce the interest rate to 2.0% for 40 years. The closing is scheduled for February 21, 2017.

2016-011 Water Fund Materials Inventory and County Fuel not Made at Year End

Criteria: Good accounting policy and sound fiduciary responsibility include the requirement that a physical count of materials inventory and fuel be taken at least annually at year end.

Condition: The County did not make a physical count of inventory at June 30, 2016. Other verification procedures such as reconciliation of usage records and purchases could not be accomplished, because usage records were insufficient or not available.

Effect: Potential for loss or misappropriation of valuable County assets.

Recommendation: We recommend that the County Manager require the Water Department to take a physical inventory at least annually and submit the report to him with items price at original cost. At each month end the Road Department should inventory the fuel in the tanks and report that quantity to the County Clerk. The Clerk should reconcile the count to fuel purchases and uses. Any unexplained differences should be promptly investigated.

Management's Response: We agree with the finding. We initiate policies where the Water Department materials inventory is taken at least annually. We will also develop procedures to more carefully monitor fuel usage.

SCHLEY COUNTY, GEORGIA

Schedule of Findings and Responses
For the Year Ended June 30, 2016

Section III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

SCHLEY COUNTY, GEORGIA

Status of Prior Year Findings
As of June 30, 2016

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.

Auditee Response/ Status: Unresolved. See current finding 2016-001.

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: 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 2016-002.

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 either by budget amendment or interfund loan.

Condition: Water fund bank loan matured on December 31, 2014. Funds were not available so the General Fund paid the loan interest.

Auditee Response/ Status: Unresolved. See current finding 2016-003.

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.

Auditee Response/ Status: Unresolved. See current finding 2016-004.

SCHLEY COUNTY, GEORGIA
Status of Prior Year Findings
As of June 30, 2016

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.

Auditee Response/ Status: Resolved. See current finding 2016-005.

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.

Auditee Response/ Status: Resolved.

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.

Auditee Response/ Status: Partially resolved. See current finding 2016-006.

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.

Auditee Response/ Status: Resolved.

SCHLEY COUNTY, GEORGIA
Status of Prior Year Findings
As of June 30, 2016

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.

Auditee Response/ Status: Unresolved. See Current year finding 2016-007.

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, 2015.

Auditee Response/ Status: Resolved.

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.

Auditee Response/ Status: Unresolved. See current year finding 2016-009.

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.

Auditee Response/ Status: Unresolved. See current year finding 2016-010.