# SCHLEY COUNTY, GEORGIA

# FINANCIAL REPORT

## For the Fiscal Year Ended
## JUNE 20, 2017

# SCHLEY COUNTY, GEORGIA

## FINANCIAL REPORT

For the Fiscal Year Ended
JUNE 30, 2017

**SCHLEY COUNTY, GEORGIA**
*Annual Financial Report*
*For the Year Ended June 30, 2017*

TABLE OF C O N T E N T S


| | Pages |
|---|---|
| FINANCIAL SECTION | |
| Independent Auditor's Report | 1 - 3 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 4 |
| Statement of Activities | 5 |
| Fund Financial Statements: | |
| Fund Balance Sheets – Governmental Funds | 6 |
| Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds | 7 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities | 8 |
| General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual | 9 - 11 |
| T-SPLOST Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual | 12 |
| Statement of Net Position – Proprietary Funds | 13 |
| Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds | 14 |
| Statement of Cash flows – Proprietary Funds | 15 - 16 |
| Statement of Fiduciary Assets and Liabilities - Agency Funds | 17 |
| Notes to Financial Statements | 18 - 41 |
| Required Supplementary Information | |
| Schedule of Changes in County's Net Pension Liability and Related Ratios | 42 |
| Schedule of County Contributions | 43 |
| Combining and Individual Fund Statements and Schedules: | |
| Non-major Governmental Funds: | |
| Combining Balance Sheet - Non-major Special Revenue Funds | 44 |
| Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Non-major Special Revenue Funds | 45 |
| Agency Funds: | |
| Combining Balance Sheet | 46 |
| Combining Statement of Changes in Assets and Liabilities | 47 - 48 |

**SCHLEY COUNTY, GEORGIA**
*Annual Financial Report*
*For the Fiscal Year Ended June 30, 2017*

TABLE OF C O N T E N T S


| | Pages |
|---|---|
| FINANCIAL SECTION (continued): | |
| Combining and Individual Fund Statements and Schedules (continued): | |
| Schedule of Expenditures of 2003 – 2007 Special Purpose Local Option Sales Tax Proceeds | 49 |
| Schedule of Expenditures of 2008 – 2013 Special Purpose Local Option Sales Tax Proceeds | 50 |
| Schedule of Expenditures of 2013 - 2019 Special Purpose Local Option Sales Tax Proceeds | 51 |
| COMPLIANCE SECTION: | |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* | 52 - 53 |
| Schedule of Findings and Responses | 54 - 60 |
| Status of Prior Year Findings | 61 - 63 |

# 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, 2017, 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, 2016, 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, 2017, and the respective changes in financial position and, where applicable, cash flows of the business-type activities, and the respective budgetary comparisons for the General Fund and the T-SPLOST Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Prior Period Adjustments

As discussed in Note 18 to the financial statements the beginning net position has been adjusted for the omission of deferred outflows of resources related to the pension in the prior year's statement of net position. Also, as discussed in Note 18 management recorded the gift of a road which was received in a prior year. Our opinion is not modified with respect to these matters.

## 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 January 24, 2018 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.

Chambless Sheppard Roland and Associates LLP

Americus, Georgia
January 24, 2018

SCHLEY COUNTY, GEORGIA
STATEMENT OF NET POSITION
June 30, 2017

| | Primary Government | | | Component Units | |
|---|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Schley County Department of Public Health | Ellaville - Schley County Recreation Authority |
| **ASSETS** | | | | | |
| Cash | $ 1,101,923 | $ 11,867 | $ 1,113,790 | $ 104,291 | $ - |
| Receivables (Net, where applicable, of allowances for uncollectible): | | | | | |
| Property taxes | 81,923 | - | 81,923 | - | - |
| Sales taxes | 73,772 | - | 73,772 | - | - |
| Accounts | 79,203 | 73,410 | 152,613 | - | - |
| Intergovernmental | - | - | - | 13,680 | - |
| Inventory | 22,129 | 19,481 | 41,610 | - | - |
| Prepaid items | 48,379 | - | 48,379 | - | - |
| Internal balances | 221,569 | (221,569) | - | - | - |
| Restricted Cash | - | 58,661 | 58,661 | - | - |
| Capital assets, non-depreciable | 350,071 | 10,000 | 360,071 | - | - |
| Capital assets, depreciable net of accumulated depreciation | 2,853,886 | 10,604,583 | 13,458,469 | - | - |
| Total Assets | 4,832,855 | 10,556,433 | 15,389,288 | 117,971 | - |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | | |
| Pension investment return differences | 28,073 | - | 28,073 | 16,237 | - |
| Pension assumption changes | 21,637 | - | 21,637 | 31,059 | - |
| Employer pension contributions subsequent to the measurement date | - | - | - | 21,526 | - |
| Total deferred outflows of resources | 49,710 | - | 49,710 | 68,822 | - |
| **LIABILITIES** | | | | | |
| Bank overdraft | 32,067 | - | 32,067 | - | - |
| Accounts payable | 101,568 | 16,400 | 117,968 | 3,092 | - |
| Advance payable to the Georgia Department of Public Health | - | - | - | 8,680 | - |
| Accrued wages and payroll liabilities | 42,100 | 2,261 | 44,361 | - | - |
| Compensated absences due, within one year | 18,100 | 2,126 | 20,226 | 6,369 | - |
| Landfill postclosure care costs, due within one year | 135,538 | - | 135,538 | - | - |
| Accrued interest payable | - | 12,303 | 12,303 | - | - |
| Short-term loan | - | 703,055 | 703,055 | - | - |
| Bonds payable, due within one year | - | 115,678 | 115,678 | - | - |
| Net pension liability | 244,038 | - | 244,038 | 159,699 | - |
| Compensated absences, due in more than one year | 1,212 | 597 | 1,809 | 5,972 | - |
| Customer deposits | - | 56,662 | 56,662 | - | - |
| Landfill postclosure care costs, due in more than one year | 355,223 | - | 355,223 | - | - |
| Bonds payable, due in more than one year | - | 6,461,018 | 6,461,018 | - | - |
| Total Liabilities | 929,846 | 7,370,100 | 8,299,946 | 183,812 | - |
| **DEFERED INFLOWS OF RESOURCES** | | | | | |
| Pension investment returns and experience differences | 9,101 | - | 9,101 | 7,909 | - |
| Total deferred inflows of resources | 9,101 | - | 9,101 | 7,909 | - |
| **NET POSITION** | | | | | |
| Net investment in capital assets | 3,203,957 | 4,037,887 | 7,241,844 | - | - |
| Restricted for: | | | | | |
| Capital projects | 469,519 | - | 469,519 | - | - |
| Judicial purposes | 40,678 | - | 40,678 | - | - |
| Public safety purposes | 35,548 | - | 35,548 | - | - |
| Jail inmates | 2,551 | - | 2,551 | - | - |
| Health and welfare purposes | - | - | - | 57,915 | - |
| Unrestricted | 191,365 | (851,554) | (660,189) | (62,843) | - |
| Total Net Position | $ 3,943,618 | $ 3,186,333 | $ 7,129,951 | $ (4,928) | $ - |

See accompanying notes to financial statements.

**SCHLEY COUNTY, GEORGIA**
**STATEMENT OF ACTIVITIES**
**For the Year Ended June 30, 2017**

| 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 | $ 729,387 | $ 84,882 | $ 18,740 | $ - | $ (625,765) | $ - | $ (625,765) | $ - | $ - |
| Judicial | 289,872 | 81,021 | - | - | (208,851) | - | (208,851) | - | - |
| Public Safety | 1,008,111 | 161,364 | 7,265 | - | (839,482) | - | (839,482) | - | - |
| Public Works | 704,372 | 228,938 | 306,705 | - | (168,729) | - | (168,729) | - | - |
| Health and Welfare | 61,736 | - | - | - | (61,736) | - | (61,736) | - | - |
| Culture and Recreation | 94,612 | - | - | - | (94,612) | - | (94,612) | - | - |
| Housing and Development | 27,619 | - | - | - | (27,619) | - | (27,619) | - | - |
| Total Governmental Activities | 2,915,709 | 556,205 | 332,710 | - | (2,026,794) | - | (2,026,794) | - | - |
| Business-Type Activities: | | | | | | | | | |
| Utilities Authorjty Water Fund | 875,882 | 363,478 | - | - | - | (512,404) | (512,404) | - | - |
| Sanitation Department | 234,947 | 193,460 | - | - | - | (41,487) | (41,487) | - | - |
| Total Business-Type Activities | 1,110,829 | 556,938 | - | - | - | (553,891) | (553,891) | - | - |
| Total Primary Government | $ 4,026,538 | $ 1,113,143 | $ 332,710 | $ - | (2,026,794) | (553,891) | (2,580,685) | | |
| **Component Units:** | | | | | | | | | |
| Schley County Health Department | 224,320 | 115,598 | 104,928 | - | - | - | - | (3,794) | - |
| Ellaville-Schley County Recreation Authority | - | - | - | - | - | - | - | - | - |
| Total Component Units | $ 224,320 | $ 115,598 | $ 104,928 | | | | | (3,794) | - |
| General revenues: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Property and Timber | | | | | 1,233,925 | - | 1,233,925 | - | - |
| Motor Vehicle and Mobile Home | | | | | 220,325 | - | 220,325 | - | - |
| Sales | | | | | 699,414 | - | 699,414 | - | - |
| Insurance Premium | | | | | 178,611 | - | 178,611 | - | - |
| Other | | | | | 77,717 | - | 77,717 | - | - |
| Allotments from Participating Local Government | | | | | - | - | - | 34,000 | - |
| Interest Earnings | | | | | 2,631 | - | 2,631 | 41 | - |
| Rental Earnings | | | | | 37,567 | - | 37,567 | - | - |
| Gain / (Loss) on Sale of Assets | | | | | 17,719 | - | 17,719 | - | - |
| Miscellaneous | | | | | 8,481 | - | 8,481 | - | - |
| Transfers | | | | | (275,311) | 275,311 | - | - | - |
| Total general revenues and transfers | | | | | 2,201,079 | 275,311 | 2,476,390 | 34,041 | - |
| Change in net position | | | | | 174,285 | (278,580) | (104,295) | 30,247 | - |
| Net position - Beginning of Year, as restated | | | | | 3,769,333 | 3,464,913 | 7,234,246 | (35,175) | - |
| Net position - ending of year | | | | | $ 3,943,618 | $ 3,186,333 | $ 7,129,951 | $ (4,928) | $ - |

See accompanying notes to financial statements.

**SCHLEY COUNTY, GEORGIA**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**June 30, 2017**

| | General | Transportation Special 1% Sales Tax Fund | Special 1% Sales Tax Fund 2013 | Other Governmental Funds | Total |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash in Bank | $ 940,877 | $ 53,195 | $ 25,746 | $ 82,105 | $ 1,101,923 |
| Receivables (net of allowance for uncollectible) | 186,483 | 21,724 | 26,691 | - | 234,898 |
| Inventories | 13,405 | 8,724 | - | - | 22,129 |
| Prepaid Items | 48,379 | - | - | - | 48,379 |
| Due from Other Funds | 287,176 | 21 | - | 83,789 | 370,986 |
| Total Assets | 1,476,320 | 83,664 | 52,437 | 165,894 | 1,778,315 |
| **LIABILITIES** | | | | | |
| Bank Overdraft | 32,067 | - | - | - | 32,067 |
| Accounts Payable | 74,467 | 27,101 | - | - | 101,568 |
| Accrued Salaries and Payroll Liabilities | 42,100 | - | - | - | 42,100 |
| Due to Other Funds | 83,789 | 26,675 | 35,475 | 3,478 | 149,417 |
| Total Liabilities | 232,423 | 53,776 | 35,475 | 3,478 | 325,152 |
| **DERERRED INFLOWS OF RESOURCES** | | | | | |
| Unavailable Revenue-Property Tax | 76,071 | - | - | - | 76,071 |
| Total Deferred Inflows of Resources | 76,071 | - | - | - | 76,071 |
| FUND BALANCES | | | | | |
| Nonspendable | 61,784 | 8,724 | - | - | 70,508 |
| Restricted | 347,754 | 21,164 | 16,962 | 159,865 | 545,745 |
| Committed | - | - | - | 2,551 | 2,551 |
| Assigned | - | - | - | - | - |
| Unassigned | 758,288 | - | - | - | 758,288 |
| Total Fund Balances | 1,167,826 | 29,888 | 16,962 | 162,416 | 1,377,092 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 1,476,320 | $ 83,664 | $ 52,437 | $ 165,894 | |

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. | | 3,203,957 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | |
| Property Tax | | 76,071 |
| Pension Deferred Outflows | | 49,710 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Compensated Absences | (19,312) | |
| Net Pension Liability | (244,038) | |
| Pension Deferred Inflows | (9,101) | |
| Landfill Postclosure Care Costs | (490,761) | (763,212) |
| Net position of governmental activities | | $ 3,943,618 |

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, 2017

| | General | Transportation Special 1% Sales Tax Fund | Special 1% Sales Tax Fund 2013 | Other Governmental Funds | Total |
|---|---|---|---|---|---|
| REVENUES: | | | | | |
| Property and Timber Taxes | $ 1,234,146 | $ - | $ - | $ - | $ 1,234,146 |
| Motor Vehicle and Mobile Home Taxes | 101,945 | - | - | - | 101,945 |
| Title Ad Valorem Tax | 118,380 | - | - | - | 118,380 |
| Sales Tax | 148,824 | 253,769 | 296,821 | - | 699,414 |
| Insurance Premium Tax | 178,611 | - | - | - | 178,611 |
| Financial Institutions Tax | 12,830 | - | - | - | 12,830 |
| Other Taxes | 64,887 | - | - | - | 64,887 |
| Licenses and Permits | 26,153 | - | - | - | 26,153 |
| Intergovernmental | 332,710 | - | - | - | 332,710 |
| Charges for Services | 431,544 | - | - | - | 431,544 |
| Fines and Forfeitures | 41,704 | - | - | 9,833 | 51,537 |
| Interest | 2,631 | - | - | 42 | 2,673 |
| Miscellaneous | 68,648 | - | - | 5,870 | 74,518 |
| Total Revenues | 2,763,013 | 253,769 | 296,821 | 15,745 | 3,329,348 |
| EXPENDITURES: | | | | | |
| Current Operating Expenditures | | | | | |
| General Government | 558,365 | - | 1,675 | 1,443 | 561,483 |
| Judicial | 286,732 | - | | 2,753 | 289,485 |
| Public Safety | 900,608 | - | 1,175 | 23,975 | 925,758 |
| Public Works | 533,741 | 261,112 | - | - | 794,853 |
| Health and Welfare | 54,858 | - | 240 | - | 55,098 |
| Culture and Recreation | 93,035 | - | - | - | 93,035 |
| Housing and Development | 27,619 | - | - | - | 27,619 |
| Intergovernmental (City of Ellaville) | - | - | 74,832 | - | 74,832 |
| Capital Outlay | | | | | |
| Judicial | - | - | 10,799 | - | 10,799 |
| Public Safety | - | - | 258,751 | - | 258,751 |
| Public Works | 132,948 | 51,307 | - | - | 184,255 |
| Total Expenditures | 2,587,906 | 312,419 | 347,472 | 28,171 | 3,275,968 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 175,107 | (58,650) | (50,651) | (12,426) | 53,380 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Sale of Surplus Property | 17,719 | - | - | - | 17,719 |
| Insurance Proceeds | 18,459 | - | - | - | 18,459 |
| Transfers In | - | - | 8,465 | - | 8,465 |
| Transfers Out | (275,311) | - | | (8,465) | (283,776) |
| Total Other Financing Sources (Uses) | (239,133) | - | 8,465 | (8,465) | (239,133) |
| NET CHANGE IN FUND BALANCES | (64,026) | (58,650) | (42,186) | (20,891) | (185,753) |
| FUND BALANCE - BEGINNING OF YEAR | 1,231,852 | 88,538 | 59,148 | 183,307 | 1,562,845 |
| FUND BALANCE - END OF YEAR | $ 1,167,826 | $ 29,888 | $ 16,962 | $ 162,416 | $ 1,377,092 |

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, 2017**

| | | |
|---|---|---|
| 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. | | $ (185,753) |
| 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 ($464,328) exceeded depreciation ($202,489) in the current period. | | 261,839 |
| Disposals of capital assets | | (10,523) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Property tax receivable | (221) | (221) |
| 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 | (4,741) | |
| Net pension liability | (43,464) | |
| Landfill expenditures | 157,148 | 108,943 |
| Change in Net Position of Governmental Activities. | | $ 174,285 |

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2017

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| **TAXES** | | | | |
| Real and Personal Property | $ 1,312,200 | $ 1,312,200 | $ 1,196,244 | $ (115,956) |
| Timber Tax | 25,000 | 25,000 | 37,902 | 12,902 |
| Mobile Home | 7,000 | 7,000 | 12,268 | 5,268 |
| Motor Vehicle | 55,000 | 55,000 | 89,677 | 34,677 |
| Title Ad Valorem Tax | 100,000 | 100,000 | 118,380 | 18,380 |
| Local Option Sales Tax | 148,000 | 148,000 | 148,824 | 824 |
| Insurance Premium Tax | 150,000 | 150,000 | 178,611 | 28,611 |
| Financial Institutions | 10,000 | 10,000 | 12,830 | 2,830 |
| Alternate Ad Valorem Tax | 10,000 | 10,000 | 6,027 | (3,973) |
| Forest Land Protection Act | - | - | 6,240 | 6,240 |
| T-SPLOST | 253,225 | - | - | - |
| Real Estate Transfer Tax | 3,000 | 3,000 | 3,564 | 564 |
| Intangible Recordings | 7,000 | 7,000 | 11,976 | 4,976 |
| Interest, Cost, Penalties & Fees | 19,600 | 19,600 | 27,198 | 7,598 |
| Railroad Car Tax | 7,100 | 7,100 | 7,985 | 885 |
| Franchise Tax | 1,100 | 1,100 | 1,797 | 697 |
| Alcoholic Beverage Excise | 50 | 50 | 100 | 50 |
| Total Taxes | 2,108,275 | 1,855,050 | 1,859,623 | 4,573 |
| **LICENSES AND PERMITS** | | | | |
| Alcohol Beverage License | 250 | 250 | 250 | - |
| Zoning Permits | 150 | 150 | - | (150) |
| Building Permits | 11,000 | 11,000 | 25,903 | 14,903 |
| Total Licenses and Permits | 11,400 | 11,400 | 26,153 | 14,753 |
| **INTERGOVERNMENTAL** | | | | |
| Local Maintenance and Improvement Grant | 150,000 | 150,000 | 306,705 | 156,705 |
| State EMA Grants | 5,000 | 5,000 | 7,265 | 2,265 |
| Federal (through GEMA) | - | - | 18,740 | 18,740 |
| Total Intergovernmental | 155,000 | 155,000 | 332,710 | 177,710 |
| **CHARGES FOR SERVICES** | | | | |
| Sheriff Fees and Charges | 7,500 | 7,500 | 8,208 | 708 |
| Superior Court Fees | 20,000 | 20,000 | 16,857 | (3,143) |
| Magistrate Court Fees | 3,000 | 3,000 | 3,376 | 376 |
| Probate Court Fees | 35,000 | 35,000 | 8,937 | (26,063) |
| Fuel Sales | 42,500 | 42,500 | 50,565 | 8,065 |
| Ambulance Fees | 75,000 | 75,000 | 121,379 | 46,379 |
| Commission on Tax | 55,000 | 55,000 | 57,386 | 2,386 |
| Jail Contract City of Ellaville | 18,000 | 18,000 | 18,000 | - |
| Sheriff Secretary (City) | 7,308 | 7,308 | 8,178 | 870 |
| Right of Way Maintenance Contract | 137,150 | 137,150 | 137,150 | - |
| Sanitation Fees | 175,000 | - | - | - |
| Sanitation Bankcard Fees | 2,000 | - | - | - |
| Qualifying Fees | 500 | 500 | 873 | 373 |
| Other Revenues | - | - | 635 | 635 |
| Total Charges for Services | 577,958 | 400,958 | 431,544 | 30,586 |
| **FINES & FORFEITURES** | | | | |
| Superior Court Fines | - | - | 3,554 | 3,554 |
| Probate Court Fines | - | - | 38,150 | 38,150 |
| Drug Funds | 500 | 500 | - | (500) |
| Jail Funds | 6,225 | 2,100 | - | (2,100) |
| | $ 6,725 | $ 2,600 | $ 41,704 | $ 39,104 |

(continued)

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2017

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES (continued)** | | | | |
| **INVESTMENT INCOME** | | | | |
| Interest Revenues | $ 2,025 | $ 2,000 | $ 2,631 | $ 631 |
| **MISCELLANEOUS** | | | | |
| Rental Income | 41,167 | 41,167 | 37,567 | (3,600) |
| Driveway Pipe & Dirt Sales | 17,000 | 17,000 | 22,600 | 5,600 |
| FICA Reimbursement from Tax Commissioner | 3,000 | 3,000 | - | (3,000) |
| Miscellaneous | 1,000 | 1,000 | 8,481 | 7,481 |
| Total Miscellaneous Revenue | 62,167 | 62,167 | 68,648 | 6,481 |
| Total Revenues | 2,923,550 | 2,489,175 | 2,763,013 | 273,838 |
| **EXPENDITURES** | | | | |
| **CURRENT** | | | | |
| **GENERAL GOVERNMENT** | | | | |
| County Administration | $ 86,182 | $ 86,182 | $ 97,746 | $ (11,564) |
| County Clerk | 68,317 | 68,317 | 110,530 | (42,213) |
| Elections | 42,806 | 42,806 | 20,312 | 22,494 |
| Courthouse Upkeep & Utilities | 18,215 | 18,215 | 21,508 | (3,293) |
| Tax Commissioner | 92,406 | 92,406 | 98,696 | (6,290) |
| Tax Assessor | 86,697 | 86,697 | 74,303 | 12,394 |
| Board of Equalization | 2,695 | 2,695 | 1,081 | 1,614 |
| Post Office | 500 | 500 | 551 | (51) |
| General Operations | 145,564 | 145,564 | 133,638 | 11,926 |
| Total General Government | 543,382 | 543,382 | 558,365 | (14,983) |
| **JUDICIAL** | | | | |
| Magistrate Court | 27,576 | 27,576 | 43,511 | (15,935) |
| Probate Court | 135,082 | 135,082 | 99,159 | 35,923 |
| Superior Court | 79,145 | 79,015 | 84,973 | (5,958) |
| Superior Court Judges | 22,056 | 22,056 | 30,830 | (8,774) |
| District Attorney | 12,000 | 12,000 | 12,000 | - |
| Grand Jury | 10,690 | 10,690 | 5,804 | 4,886 |
| Juvenile Court and Supervision | 8,250 | 8,250 | 10,455 | (2,205) |
| Total Judicial | 294,799 | 294,669 | 286,732 | 7,937 |
| **PUBLIC SAFETY** | | | | |
| Sheriff | 288,002 | 288,002 | 350,104 | (62,102) |
| Jail | 194,744 | 190,724 | 203,325 | (12,601) |
| Community Service Supervision | 2,742 | 2,742 | 1,999 | 743 |
| Fire Department & Ambulance Service | 288,092 | 288,092 | 312,111 | (24,019) |
| Coroner | 6,184 | 6,184 | 8,614 | (2,430) |
| Emergency Management | 10,000 | 10,000 | 4,859 | 5,141 |
| Middle Flint E-911 | 19,600 | 19,600 | 19,596 | 4 |
| Total Public Safety | 809,364 | 805,344 | 900,608 | (95,264) |
| **PUBLIC WORKS** | | | | |
| Fuel to Sale | 85,000 | 85,000 | 61,085 | 23,915 |
| Road | 339,680 | 339,680 | 460,465 | (120,785) |
| Landfill Closure Costs | 40,000 | 40,000 | 12,191 | 27,809 |
| Total Public Works | $ 464,680 | $ 464,680 | $ 533,741 | $ (69,061) |

(Continued)

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2017

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance with Final Budget |
|---|---|---|---|---|
| **EXPENDITURES (continued)** | | | | |
| **CURRENT (continued)** | | | | |
| **HEALTH AND WELFARE** | | | | |
| Health Department | $ 43,585 | $ 43,585 | $ 45,826 | $ (2,241) |
| Family and Children Services | 9,000 | 9,000 | 9,032 | (32) |
| Total Health and Welfare | 52,585 | 52,585 | 54,858 | (2,273) |
| **CULTURE AND RECREATION** | | | | |
| Recreation | 40,000 | 40,000 | 40,134 | (134) |
| Library | 23,347 | 23,347 | 25,901 | (2,554) |
| Senior Citizens Center | 27,000 | 27,000 | 27,000 | - |
| Total Culture and Recreation | 90,347 | 90,347 | 93,035 | (2,688) |
| **HOUSING AND DEVELOPMENT** | | | | |
| Zoning Board | 4,200 | 4,200 | 4,870 | (670) |
| Extension Service | 19,349 | 19,349 | 13,823 | 5,526 |
| Forestry Commission | 8,926 | 8,926 | 8,926 | - |
| Total Housing and Development | 32,475 | 32,475 | 27,619 | 4,856 |
| **CAPITAL OUTLAY** | | | | |
| Landfill | - | - | 132,948 | (132,948) |
| Total Expenditures | 2,287,632 | 2,283,482 | 2,587,906 | (304,424) |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | 635,918 | 205,693 | 175,107 | (30,586) |
| **OTHER FINANCING SOURCES / (USES)** | | | | |
| Sale of Capital Assets and Other Surplus | - | - | 17,719 | 17,719 |
| Insurance Proceeds | - | - | 18,459 | 18,459 |
| Transfers (Out) | (319,000) | (169,000) | (275,311) | (106,311) |
| Total Other Financial Sources | (319,000) | (169,000) | (239,133) | (70,133) |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES** | $ 316,918 | $ 36,693 | $ (64,026) | $ (100,719) |

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
T-SPLOST FUND
For the Year Ended June 30, 2017

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| **TAXES** | | | | |
| Transportation Special Purpose Local Option Sales Tax | $ - | $ 253,225 | $ 253,769 | $ 544 |
| **EXPENDITURES** | | | | |
| **PUBLIC WORKS** | | | | |
| Road | - | 253,225 | 261,112 | (7,887) |
| Capital Outlay | | - | 51,307 | (51,307) |
| Total Expenditures | - | 253,225 | 312,419 | (59,194) |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | $ - | $ - | $ (58,650) | $ 59,738 |

See accompanying notes to financial statements.

**SCHLEY COUNTY, GEORGIA**
**STATEMENT OF NET POSITION**
**PROPRIETARY FUNDS**
**June 30, 2017**

| | Enterprise Fund | | |
|---|---|---|---|
| | Utilities Authority Water Fund | Sanitation Fund | Total |
| **ASSETS** | | | |
| Current Assets: | | | |
| Cash | $ 4,655 | $ 7,212 | $ 11,867 |
| Accounts Receivable, net of Allowance for Doubtful Accounts | 36,769 | 36,641 | 73,410 |
| Inventory | 19,481 | - | 19,481 |
| Total Current Assets | 60,905 | 43,853 | 104,758 |
| Noncurrent Assets: | | | |
| Cash - Customer Deposits | 58,661 | - | 58,661 |
| Due from Water Fund | - | 1,435 | 1,435 |
| Capital Assets | | | |
| Land | 10,000 | - | 10,000 |
| Building | 20,796 | - | 20,796 |
| Machinery, Equipment and Vehicles | 178,047 | - | 178,047 |
| Furniture & Fixtures | 10,206 | - | 10,206 |
| Water Plant and Wells | 13,567,546 | - | 13,567,546 |
| Total Capital Assets | 13,786,595 | - | 13,786,595 |
| Less: Accumulated Depreciation | (3,172,012) | - | (3,172,012) |
| Capital Assets, net of depreciation | 10,614,583 | - | 10,614,583 |
| Total Noncurrent Assets | 10,673,244 | 1,435 | 10,674,679 |
| Total Assets | 10,734,149 | 45,288 | 10,779,437 |
| **LIABILITIES** | | | |
| Current Liabilities: | | | |
| Accounts Payable | 16,400 | - | 16,400 |
| Accrued Wages | 1,560 | 701 | 2,261 |
| Compensated Absences | 337 | 1,789 | 2,126 |
| Accrued Interest Payable | 12,303 | - | 12,303 |
| Notes Payable Bank | 703,055 | - | 703,055 |
| Notes Payable USDA Bonds | 115,678 | - | 115,678 |
| Total Current Liabilities | 849,333 | 2,490 | 851,823 |
| Long-Term Liabilities: | | | |
| Due to General Fund | 202,442 | 19,127 | 221,569 |
| Due to Sanitation Fund | 1,435 | - | 1,435 |
| Customer Water Deposits | 56,662 | - | 56,662 |
| Compensated Absences | - | 597 | 597 |
| Notes Payable USDA Bonds | 6,461,018 | - | 6,461,018 |
| Total Long-Term Liabilities | 6,721,557 | 19,724 | 6,741,281 |
| Total Liabilities | 7,570,890 | 22,214 | 7,593,104 |
| **NET POSITION** | | | |
| Net investment in capital assets | 4,037,887 | - | 4,037,887 |
| Unrestricted | (874,628) | 23,074 | (851,554) |
| Total Net Position | $ 3,163,259 | $ 23,074 | $ 3,186,333 |

See accompanying notes to financial statements.

**SCHLEY COUNTY, GEORGIA**
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**
**PROPRIETARY FUNDS**
**For the Year Ended June 30, 2017**

| | Enterprise Fund | | |
|---|---|---|---|
| | Utilities Authority Water Fund | Sanitation Fund | Total |
| OPERATING REVENUES | | | |
| Charges for Services | $ 358,953 | $ 192,636 | $ 551,589 |
| Water Tap-on and Other Fees | 4,525 | - | 4,525 |
| Other Fees | - | 824 | 824 |
| Total Operating Revenues | 363,478 | 193,460 | 556,938 |
| OPERATING EXPENSES | | | |
| Personal Services | 77,815 | 39,297 | 117,112 |
| Material & Supplies | 11,416 | - | 11,416 |
| Maintenance, Operations & Contracted | 199,267 | 195,650 | 394,917 |
| Depreciation | 281,733 | - | 281,733 |
| Total Operating Expenses | 570,231 | 234,947 | 805,178 |
| Operating Income (Loss) | (206,753) | (41,487) | (248,240) |
| NON-OPERATING REVENUE (EXPENSE) | | | |
| Bond Issuance Costs | (38,060) | - | (38,060) |
| Scrap Inventory | (31,575) | - | (31,575) |
| Interest Expense | (236,016) | - | (236,016) |
| Net Non-Operating Revenue (Expense) | (305,651) | - | (305,651) |
| Income (Loss) before transfers | (512,404) | (41,487) | (553,891) |
| TRANSFERS | | | |
| Transfers in | 233,700 | 41,611 | 275,311 |
| Net transfers in / (out) | 233,700 | 41,611 | 275,311 |
| CHANGE IN NET POSITION | (278,704) | 124 | (278,580) |
| NET POSITION - BEGINNING OF YEAR | 3,441,963 | 22,950 | 3,464,913 |
| NET POSITION - END OF YEAR | $ 3,163,259 | $ 23,074 | $ 3,186,333 |

See accompanying notes to financial statements.

**SCHLEY COUNTY, GEORGIA**
**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUNDS**
**For the Year Ended June 30, 2017**

| | Enterprise Fund | | |
|---|---|---|---|
| | Utilities Authority Water Fund | Sanitation Fund | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | $ 362,139 | $ 186,448 | $ 548,587 |
| Cash payments to suppliers for materials and supplies | (11,766) | - | (11,766) |
| Cash payments to employees for services | (80,217) | (40,033) | (120,250) |
| Maintenance, operating & contract services | (201,342) | (195,057) | (396,399) |
| Net Cash Provided (Used) by Operating Activities | 68,814 | (48,642) | 20,172 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | |
| Customer water deposits received | 7,216 | - | 7,216 |
| Customer water deposits refunded or applied to bill | (1,300) | - | (1,300) |
| Water sales collected by Sanitation Fund | - | 2,277 | 2,277 |
| Transfer from General Fund | 233,700 | 41,611 | 275,311 |
| Net Cash Provided by Non-Capital Financing Activities | 239,616 | 43,888 | 283,504 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Principal paid on long-term debt | (56,016) | - | (56,016) |
| Interest paid on long-term debt | (154,884) | - | (154,884) |
| Bond issuance costs | (38,060) | - | (38,060) |
| Proceeds from short-term bank loan | 703,055 | - | 703,055 |
| Payments on short-term bank loan | (745,955) | - | (745,955) |
| Interest paid on short-term bank loan | (24,648) | - | (24,648) |
| Net Cash (Used) by Capital and Related Financing Activities | (316,508) | - | (316,508) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (8,078) | (4,754) | (12,832) |
| Cash and Cash Equivalents at June 30, 2016 | 71,394 | 11,966 | 83,360 |
| Cash and Cash Equivalents at June 30, 2017 | $ 63,316 | $ 7,212 | $ 70,528 |
| Displayed as: | | | |
| Cash - Operations Account | $ 4,655 | $ 7,212 | $ 11,867 |
| Cash - Customer Deposits | 58,661 | - | 58,661 |
| | $ 63,316 | $ 7,212 | $ 70,528 |

See accompanying notes to financial statements.

**SCHLEY COUNTY, GEORGIA**
**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUNDS**
**For the Year Ended June 30, 2017**

| | Enterprise Fund | | |
|---|---|---|---|
| | Utilities Authority Water Fund | Sanitation Fund | Total |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES | | | |
| Operating Income (Loss) | $ (206,753) | $ (41,487) | $ (248,240) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities : | | | |
| Depreciation | 281,733 | - | 281,733 |
| (Increase) Decrease in inventory | 2,457 | - | 2,457 |
| (Increase) Decrease in Accounts Receivable | 938 | (7,013) | (6,075) |
| Increase (Decrease) in Due to General Fund | - | 838 | 838 |
| Increase (Decrease) in Due to Sanitation Fund | (2,277) | - | (2,277) |
| Increase (Decrease) in Accounts Payable | (4,882) | - | (4,882) |
| Increase (Decrease) in Accrued Salaries | (2,739) | (561) | (3,300) |
| Increase (Decrease) in Compensated Absences | 337 | (419) | (82) |
| Net Cash Provided By (Used In) Operations | $ 68,814 | $ (48,642) | $ 20,172 |

See accompanying notes to financial statements.

**SCHLEY COUNTY, GEORGIA**
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**
**FIDUCIARY FUNDS - AGENCY FUNDS**
**June 30, 2017**

| | Agency Funds |
|---|---|
| ASSETS | |
| Cash | $ 79,784 |
| Taxes Receivable (net of doubtful accounts $16,187) | 129,933 |
| Total Assets | $ 209,717 |
| LIABILITIES | |
| Due to Others | $ 209,717 |
| Total Liabilities | $ 209,717 |

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. The County operates under the 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 morning 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 of the County.

Component units are legally separate organizations for which the County is financially accountable. Depending on the significance or accountability of their operational or financial relationships to the County (as distinct from legal relationships) they may be reported as blended or discrete. 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.

Blended component units, although legally separate entities, are, in substance, part of the County's operations, and management of the County has operational responsibility for the component units. The following component unit is reported as blended:

**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 was 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. All employees and water operations are performed by the County; therefore financial data from the Authority are combined with the financial data of the primary government as a major enterprise fund.

Discretely presented component units generally are reported only at the government-wide financial reporting level. The component unit column included on the government-wide financial statements identifies the financial data of the County's discretely presented component unit. Component units are reported separately to emphasize that they are legally separate from the County. The following component units are discretely presented in the reporting entity:

***Schley County Health Department*** (Health Department): Title 31, Chapter 3 of the Official Code of Georgia Annotated, establishes County Boards of Health and prescribes their powers, functions and membership. The Health Department is charged with determining the health needs and resources of the County, developing programs, activities, and facilities responsive to those needs, and enforcing all laws relating to health matters unless they fall under the jurisdiction of other agencies. The Board of Health is composed of seven members whose, qualifications are stipulated in the Code. One member is a Schley County Commissioner, and three are appointed by the County Commission. The County does not have the authority to approve or modify the Health Department's budgets, however, it does have the ability to control the amount of funding it provides and such funding is significant to the operations of the Health Department. The Health Department issued separately audited financial statements with a fiscal year ended June 30, 2017. 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, 2017, Schley County contributions were $40,134 which includes $38,467 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, 2016, 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 15 & 16 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 are 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 and the Water Fund. It also provides ambulance services and emergency medical services to the citizens of the County for which it charges a fee. Both services are treated as exchange transactions. Exchange transactions are those in which each party receives and gives up essentially equal values. 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, extri-

cation 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. Operating revenues are charges for services, which result from exchange transactions associated with the principal activity of the fund. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. The major proprietary funds are as follows:

***Utilities Authority Water Fund*** – This fund is used to account 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. It is a blended component unit; see Note 1.A. Schley County Utilities Authority on page 18.

***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, ambulance charges, 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. 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 fund statements and 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, com-

pleteness, valuation, and in the case of receivables, collectability. The provision of ambulance services to the citizens of Schley County is considered an exchange transaction; therefore, income earned is recognized in the period the service is rendered (net of allowance for uncollectible accounts) in both the fund financial statements (General Fund) and the government-wide financial statements.

### *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 and culverts for the road department.

### *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 |
| Infrastructure | 50 years | Not Applicable |
| 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 other than items related to changes in the net pension liability.

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 one type of item, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that they become available. The County also reports deferred inflows of resources related to their defined benefit pension plan.

### *1-D-9. Pension Plan*

Net pension liability is the amount by which the total pension liability exceeds the fiduciary's net position available for paying benefits. Calculations are made by the Plan actuary based upon employee date, financial information and plan provisions provided by the County and other persons or organizations designated by the County. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows or resources related to pensions, and pension expense, information about the fiduciary et position of the Schley County Defined Benefit Plan (the Plan) and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reposted at fair value.

The Plan actuaries produce an annual financial report that contains information necessary to make adjustments to the County's Government-Wide financial statements in accordance with GASB Statement 68. The report includes certain changes in the net pension liability that are to be recognized as pension expense over time. The following items are reported as deferred outflows or deferred inflows of resources: employer contributions made to the pension plan subsequent to the measurement date (will be recognized as reduction to the County's net pension liability in the following year); assumption changes are amortized into pension expense over the average expected remaining service lives of the plan members; differences between projected investment return on pension investments and actual return; experience gains or losses that result from periodic studies by the actuary for certain trend information that was previously assumed, for example the assumed rates of retirement of plan members.

### *1-D-10. 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, 2017.

### *1-D-11. 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..

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-12. 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-13. 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-14. 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-15. 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.

## *Note 2 – Stewardship, Compliance and Accountability (continued)*

### *2-A. Budgetary Information (continued)*

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*

The following schedule presents material excess of actual expenditures over the appropriations for the year ended June 30, 2017, at the department level (the legal level of control):

| GENERAL FUND: | Final Budget | Actual | Overage |
|---|---|---|---|
| County Administration | $ 86,182 | $ 97,746 | $ (11,564) |
| County Clerk | 68,317 | 110,530 | (42,213) |
| Courthouse Upkeep and Utilities | 18,215 | 21,508 | (3,293) |
| Tax Commissioner | 92,406 | 98,696 | (6,290) |
| Magistrate Court | 27,576 | 43,511 | (15,935) |
| Superior Court | 79,015 | 84,973 | (5,958) |
| Superior Court Judges | 22,056 | 30,830 | (8,774) |
| Sheriff | 288,002 | 350,104 | (62,102) |
| Jail | 190,724 | 203,325 | (12,601) |
| Fire Department and Ambulance Service | 288,092 | 312,111 | (24,019) |
| Road | 339,680 | 460,465 | (120,785) |
| Library | 23,347 | 25,901 | (2,554) |
| Capital Outlay | - | 132,948 | (132,948) |
| Transfers Out | 169,000 | 275,311 | (106,311) |
| T-SPLOST | | | |
| Road | $ 253,225 | $ 261,112 | $ (7,887) |
| Capital Outlay | | 51,307 | (51,307) |

Material excesses for the above is defined as $2,500 or more. The excesses were funded with revenue overages, existing unassigned fund balance, 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. Future operating deficits will be funded by transfers from the General Fund.

## *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".

## *Note 3 – Deposits and Investments (continued)*

**Investments -** As of and for the year ended June 30, 2017, 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, including the applicable allowances for uncollectible accounts, are as follows:

| GOVERNMENTAL ACTIVITIES | General | T-SPLOST | SPLOST 2013 | Total |
|---|---|---|---|---|
| Receivables | | | | |
| Property Taxes | $ 91,471 | $ - | $ - | $ 91,471 |
| Sales Taxes | 25,357 | 21,724 | 26,691 | 73,772 |
| Accounts | 213,665 | - | - | 213,665 |
| Gross Receivables | 330,493 | 21,724 | 26,691 | 378,908 |
| Less: Allowance for Uncollectible | (144,010) | - | - | (144,010) |
| Net Receivables | $ 186,483 | $ 21,724 | $ 26,691 | $ 234,898 |

Non-current property tax receivable of $76,071 (net of allowance for uncollectible of $9,548) 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 2016 digest were levied on September 9, 2016. Taxes were billed on September 22, 2016, and were due and payable by December 20, 2016.

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.

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

| ENTERPRISE FUNDS | Water | Sanitation | Total |
|---|---|---|---|
| Receivables | | | |
| Accounts | $ 48,258 | $ 101,096 | $ 149,354 |
| Gross Receivables | 48,258 | 101,096 | 149,354 |
| Less: Allowance for Uncollectible | (11,489) | (64,455) | (75,944) |
| Net Receivables | $ 36,769 | $ 36,641 | $ 73,410 |

## *Note 5 – Capital Assets*

Capital asset activity for the year ended June 30, 2017, was as follows:

| | Beginning Balance (As Restated) | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital Assets, Nondepreciable: | | | | |
| Land | $ 217,123 | $ - | $ - | $ 217,123 |
| Construction in Progress | - | 132,948 | - | 132,948 |
| Total Nondepreciable Capital Assets | 217,123 | 132,948 | - | 350,071 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings | 2,391,753 | 10,799 | - | 2,402,552 |
| Machinery and Equipment | 1,876,041 | 320,581 | (14,856) | 2,181,766 |
| Furniture and Fixtures | 178,865 | - | - | 178,865 |
| Infrastructure | 676,154 | - | - | 676,154 |
| Total Capital Assets, Being Depreciated | 5,122,813 | 331,380 | (14,856) | 5,439,337 |
| Accumulated Depreciation: | | | | |
| Buildings | (840,947) | (65,462) | - | (906,409) |
| Machinery and Equipment | (1,291,504) | (120,550) | 4,333 | (1,407,721) |
| Furniture and Fixtures | (168,071) | (2,954) | | (171,025) |
| Infrastructure | (86,773) | (13,523) | - | (100,296) |
| Total Accumulated Depreciation | (2,387,295) | (202,489) | 4,333 | (2,585,451) |
| Total Depreciable Assets, Net | 2,735,518 | 128,891 | (10,523) | 2,853,886 |
| Governmental Activities, Capital Assets, Net | $ 2,952,641 | $ 261,839 | $ (10,523) | $ 3,203,957 |

The beginning balance in Governmental Activities Capital Assets was restated to record the donation of Old U. S. Highway 19 from the federal highway system. The donation was made effective February 10, 2010.

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

| | |
|---|---|
| Governmental Activities | |
| General Government | $ 48,445 |
| Judicial | 387 |
| Public Safety | 80,645 |
| Public Works | 64,796 |
| Health and Welfare | 6,638 |
| Culture and Recreation | 1,578 |
| Total Governmental Activities Depreciation Expense | $ 202,489 |

## *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 | - | (793) | 177,993 |
| 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 | - | (793) | 13,776,541 |
| Accumulated Depreciation: | | | | |
| Buildings and Plant | (5,165) | (416) | - | (5,581) |
| Machinery and Equipment | (178,786) | - | 793 | (177,993) |
| Furniture and Fixtures | (10,206) | - | - | (10,206) |
| Water Plant and Wells | (2,696,861) | (281,317) | - | (2,978,178) |
| Total Accumulated Depreciation | (2,891,018) | (281,733) | 793 | (3,171,958) |
| Capital Assets, Being Depreciated, Net | 10,886,316 | (281,733) | - | 10,604,583 |
| Business-Type Activities Capital Assets, Net | $10,896,316 | $ (281,733) | $ - | $10,614,583 |

| Business-Type Activities Depreciation Expense: | |
|---|---|
| Water Fund | $ 281,733 |
| Sanitation Fund | - |
| Total business-Type Activities Depreciation Expense | $ 281,733 |

### *Component Unit:*
### *Schley County Health Department:*

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, 2017. 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, 2017 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 |
|---|---|---|
| General Fund | Water Fund | $ 202,442 |
| General Fund | Sanitation Fund | 19,127 |
| SPLOST 2003-2007 | General Fund | 83,639 |
| Drug Forfeiture Fund | General Fund | 150 |
| General Fund | T-SPLOST | 26,675 |
| General Fund | Jail construction and Staffing Fund | 3,478 |
| General Fund | SPLOST 2013 | 35,454 |
| T-SPLOST | SPLOST 2013 | 21 |
| Sanitation Fund | Water Fund | 1,435 |
| | | $ 370,986 |

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. 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. Loans from the General Fund to the SPLOST 2013 Fund is the balance due on an advance by the General Fund to purchase the new ambulance

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

| Transfers In | Transfers Out | Amount |
|---|---|---|
| Water Fund | General Fund | $ 233,700 |
| Sanitation Fund | General Fund | 41,611 |
| SPLOST 2013 | SPLOST 2007 | 8,465 |
| | | $ 283,766 |

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. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or the Business-type fund group.

The transfer from the General Fund to the Water Fund was for payment of principal and interest on the short-term bank loan, and to supplement operating expenses and payment of principal and interest on the USDA Series 2017 Bonds. Transfer from the General Fund to the Sanitation Fund was a portion of the insurance premium tax to supplement operating expenses. The transfer from SPLOST 2007 to SPLOST 2013 Fund was to close the fund and distribute excess unused funds.

## *Note 7 – Fund Equity*

Below are the fund balance classifications for the governmental funds at June 30, 2017:

| | General | Transportation Special 1% Sales Tax Fund | Special 1% Sales Tax Fund 2013 | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| Fund Balances | | | | | |
| Non Spendable | | | | | |
| Inventory | $ 13,405 | $ 8,724 | $ - | $ - | $ 22,129 |
| Prepaid items | 48,379 | - | - | - | 48,379 |
| Total Non-Spendable | 61,784 | 8,724 | - | - | 70,508 |
| Restricted | | | | | |
| Capital Projects | 347,754 | 21,164 | 16,962 | 83,639 | 469,519 |
| Law Library | - | - | - | 34,422 | 34,422 |
| Drug Education | - | - | - | 8,795 | 8,795 |
| Jail Maintenance | - | - | - | 16,272 | 16,272 |
| Clerk of Court | - | - | - | 6,256 | 6,256 |
| Sheriff's Department | - | - | - | 10,481 | 10,481 |
| Total Restricted | 347,754 | 21,164 | 16,962 | 159,865 | 545,745 |
| Committed | | | | | |
| Jail Inmate Services | - | - | - | 2,551 | 2,551 |
| Total Committed | - | - | - | 2,551 | 2,551 |
| Unassigned | 758,288 | - | - | - | 758,288 |
| Total Fund Balances | $1,167,826 | $ 29,888 | $ 16,962 | $ 162,416 | $ 1,377,092 |

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 approved County roads.

## *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, 2017:

**Business-Type Activities:**

| | Outstanding 6/30/2016 | Additions | Reductions | Outstanding 6/30/2017 |
|---|---|---|---|---|
| Single Advance Note | $ 745,955 | $ 703,055 | $ (745,955) | $ 703,055 |
| Total Business-Type Activities | $ 745,955 | $ 703,055 | $ (745,955) | $ 703,055 |

As of June 30, 2017, 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, 2016, was obtained from a local bank; maturity date is December 31, 2017. Interest accrues at 3.50% per annum payable at maturity. $ 703,055
Accrued interest payable as of June 30, 2017, was $12,303.

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, 2017:

| | Outstanding 6/30/2016 | Additions | Reductions | Outstanding 6/30/2017 | Amounts Due in one Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Compensated Absences | $ 14,571 | $ 21,752 | $ (17,011) | $ 19,312 | $ 18,100 |
| Net Pension Liability | 204,246 | 60,678 | (20,886) | 244,038 | - |
| Landfill Postclosure Costs | 647,909 | - | (157,148) | 490,761 | 135,538 |
| Total Governmental Activities | $ 866,726 | $ 82,430 | $ (195,045) | $ 754,111 | $ 153,638 |

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

| | | | | | |
|---|---|---|---|---|---|
| **Business-Type Activities:** | | | | | |
| Compensated Absences | $ 2,805 | $ 2,463 | $ (2,545) | $ 2,723 | $ 2,126 |
| Water Revenue Bonds | 5,462,053 | 5,282,073 | (4,167,430) | 6,576,696 | 115,678 |
| Total Business-Type Activities | $ 5,464,858 | $ 5,284,536 | $ (4,169,975) | $ 6,579,419 | $ 117,804 |

Principal and interest payments related to the County's water enterprise fund are financed from income derived from the operation of the water system. The General Fund provides supplemental financing as needed by way of inter-fund transfer. 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, 2017, the County has 9 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 $490,761. 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)

***Water Revenue Bonds (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 |
|---|---|---|
| 2018 | $ 59,010 | $ 27,870 |
| 2019 | 57,729 | 29,151 |
| 2020 | 56,390 | 30,490 |
| 2021 | 54,989 | 31,891 |
| 2022 | 53,524 | 33,356 |
| 2023 - 2027 | 243,180 | 191,220 |
| 2028 - 2032 | 195,031 | 239,369 |
| 2033 - 2037 | 134,759 | 299,641 |
| 2038 - 2042 | 59,310 | 375,090 |
| 2043 | 1,272 | 65,918 |
| Total | $ 915,194 | $ 1,323,996 |

**Series 2008 – Exchanged and Cancelled:** On February 21, 2017 the Board of Commissioners and the USDA negotiated a settlement of the Series 2008 Bonds which were in default, whereby they were exchanged and cancelled for Series 2017 Bonds. The amount exchanged was $5,282,072.97 which included accrued interest since 2008.

The County paid $60,000 of interest on the bonds from September through December, 2016.

**Series 2017 -** On February 21, 2017, Schley County issued Water Revenue Bonds, Series 2017, in the principal amount of $5,282,072.97 for the purpose of exchanging and cancelling the Series 2008 Bond. The issuance is duly authorized by a resolutions of the Board of County Commissioners, adopted January 14, 2003 and January 19, 2017. The purpose of the Bond to finance part of the cost of a county–wide water distribution system, 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. Beginning March 21, 2017, the Bonds require monthly installments of $16,005.00 which includes interest at 2.00% for a maximum of 468 payments. Maturity is scheduled for March 21, 2057.

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

The following schedule presents annual payment amortization of the Series 2017 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 |
|---|---|---|
| 2018 | $ 104,252 | $ 87,808 |
| 2019 | 102,480 | 89,580 |
| 2020 | 100,672 | 91,388 |
| 2021 | 98,827 | 93,233 |
| 2022 | 96,945 | 95,115 |
| 2023 - 2027 | 455,141 | 505,159 |
| 2028 - 2032 | 402,059 | 558,241 |
| 2033 - 2037 | 343,400 | 616,900 |
| 2038 - 2042 | 278,577 | 681,723 |
| 2043 - 2047 | 206,942 | 753,358 |
| 2048 - 2052 | 127,780 | 832,520 |
| 2053 - 2057 | 40,501 | 847,675 |
| Total | $ 2,357,576 | $ 5,252,700 |

## *Note 9 – Long-Term Debt (continued)*

**Component Unit**

***Schley County Health Department***

Long-term activity for the year ended June 30, 2017, was as follows:

| | Outstanding 6/30/2016 | Additions | Reductions | Outstanding 6/30/2017 | Due within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Compensated Absences | $ 10,794 | $ 7,577 | $ ( 6,030) | $ 12,341 | $ 6,369 |
| Net Pension Liability | 88,118 | 71,581 | - | 159,699 | - |
| Total | $ 98,912 | $ 79,158 | $ ( 6,030) | $ 172,040 | $ 6,369 |

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, 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 | 4 |
| Active plan members | 12 |
| | 21 |

## *Note 10 – Defined Benefit Pension Plans (continued)*

### *A. Primary Government (continued)*

**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, 2017, the County's contribution rate was 0% of annual payroll. County contributions to the Plan were zero for the year ended June 30, 2017.

**Net Pension Liability of the County**
The County's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2017.

*Actuarial Assumptions*. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.00% |
| Salary increases | 3.0% - 5.5%, per year based on an age-based scale |
| Investment rate of return | 7.25 % per year |

Mortality rates were based on the RP-2000 projected with Scale AA to 2017 Combined Healthy Mortality Table.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for through December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

| Benchmark | Asset Allocation | Average 20 Year Return | Weighted 20 Year Return | Averag e30 Year Return | Weighted 30 Year Return |
|---|---|---|---|---|---|
| S&P 500 | 30% | 7.91% | 2.37% | 10.22% | 3.07% |
| Barlay's Agg. | 30% | 5.60% | 1.68% | 6.56% | 1.97% |
| MSCI EAFE | 15% | 4.29% | 0.64% | 5.73% | 0.86% |
| Citi Non US WEBI | 5% | 4.66% | 0.23% | 5.98% | 0.30% |
| NARETT Equity | 5% | 10.79% | 0.54% | 10.44% | 0.52% |
| Russell 2000 | 5% | 8.06% | 0.40% | 9.33% | 0.47% |
| Russell 3000 | 5% | 8.03% | 0.40% | 10.14% | 0.51% |
| S&P Mid Cap | 5% | 11.22% | 0.56% | 11.53% | 0.58% |
| Weighted Return | | | 6.82% | | 8.28% |

## *Note 10 – Defined Benefit Pension Plans (continued)*

### *A. Primary Government (continued)*

*Discount Rate*. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability

*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 2016.
- 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.

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

*Changes in the Net Pension Liability of the County*. The changes in the components of the net pension liability of the County for the year ended June 30, 2017, were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|---|---|---|
| Balances at June 30, 2016 | $ 394,771 | $ 190,525 | $ 204,246 |
| Changes for the year: | | | |
| Service cost | 10,473 | - | 10,473 |
| Interest | 28,952 | - | 28,952 |
| Liability experience (gain) / loss | (10,618) | - | (10,618) |
| Assumption Change | 12,262 | - | 12,262 |
| Contributions - employer | - | - | - |
| Net investment income | - | 10,268 | (10,268) |
| Benefit payments | (17,500) | (17,500) | - |
| Administrative expense | - | (7,457) | 7,457 |
| Other charges | - | (1,534) | 1,534 |
| Net changes | 23,569 | (16,223) | 39,792 |
| Balances at June 30, 2017 | $ 418,340 | $ 174,302 | $ 244,038 |

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.

## *Note 10 – Defined Benefit Pension Plans (continued)*

### *A. Primary Government (continued)*

*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 | $ 299,046 | $ 244,038 | $ 198,109 |

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, 2016 and the current sharing pattern of costs between employer and employee.

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions**
For the year ended June 30, 2017, the County recognized pension expense of $43,465. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between projected and actual earnings on pension plan investments | $ 12,724 | $ - |
| Difference between projected and actual pension liability | 15,349 | (9,101) |
| Pension assumption changes | 21,637 | - |
| | $ 49,710 | $ (9,101) |

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

| Year ending June 30: | |
|---|---|
| 2018 | $ 9,288 |
| 2019 | 9,288 |
| 2020 | 9,043 |
| 2021 | 6,025 |
| 2022 | 5,230 |
| 2023 | 1,735 |
| | $ 40,609 |

### *B. Component Unit - 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, 2017 the Health Department contributed $19,407. As of June 30, 2017, 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, 2017. 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 2017.

## *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, 2017, was $ 138,798.

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 Georgia. 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, 2017, net position of the Water Fund decreased by $278,704, primarily due to depreciation and interest on the USDA Revenue Bonds, Series 2008. Operating bank loans in the Water Fund was reduced by $42,900 to $703,055. Management and County officials are aware of these deficiencies and continue to increase water customers, and implement cost control policies. Additionally, management authorized transfers from General Fund Budget in the amount of $233,700 to provide funds for debt service and operations.

## *Note 15 – 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, 2017, the County paid $3,283 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, Talbot, Taylor, and Webster 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 $19,596 to the Authority during the twelve months ended June 30, 2017.

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 16 - 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 – Sumter – Macon - Webster Counties Joint Development Authority:** The four 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- Webster Counties Joint Development Authority may be obtained from their office at 409 Elm Avenue, Americus, Georgia 31709.

## *Note 17 – Related Parties*

One member of the Board of Commissioners owns a repair shop which the County uses for vehicle and equipment service and repair. Total paid to the company during this fiscal year was $8,427.

One member of the Board of Commissioners owns a construction and improvement business to whom the County paid $75 for building repair work.

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

## *Note 18 – Prior Period Adjustments*

The County recorded the gift from the Federal Highway System of 4.2 miles of road effective February 10, 2010. The estimated value at the date of gift was $676,154, depreciation from the date of gift to June 30, 2016 was $86,773. The net effect of this adjustment was to increase investment in capital assets and net position by $589,381.

Management made an adjustment to record deferred outflows of resources related to pension in the amount of $44,281. This adjustment increased unrestricted net position by that amount.

# 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 | 2014 |
|---|---|---|---|
| Total pension liability | | | |
| Service cost | $ 10,473 | $ 8,893 | $ 6,614 |
| Interest on total pension liability | 28,952 | 24,988 | 24,660 |
| Changes of benefit terms | | | |
| Liability Experience (Gain) / Loss | (10,618) | 21,141 | - |
| Changes of assumptions | 12,262 | 15,327 | - |
| Benefit payments, including refunds of employee contributions | (17,500) | (17,500) | (18,157) |
| Net change in total pension liability | 23,569 | 52,849 | 13,117 |
| Total pension liability - beginning | 394,771 | 341,922 | 328,805 |
| Total pension liability - ending (a) | $ 418,340 | $ 394,771 | $ 341,922 |
| | | | |
| Plan fiduciary net position | | | |
| Contributions - employer | $ - | $ - | $ 23,904 |
| Net investment income | 10,268 | 953 | 15,046 |
| Benefit payments, including refunds of employee contributions | (17,500) | (17,500) | (17,501) |
| Administrative expenses | (7,457) | (3,873) | (3,105) |
| Other | (1,534) | (1,645) | (14,376) |
| Net change in plan fiduciary net position | (16,223) | (22,065) | 3,968 |
| Plan fiduciary net position - beginning | 190,525 | 212,590 | 208,622 |
| Plan fiduciary net position - ending (b) | $ 174,302 | $ 190,525 | $ 212,590 |
| | | | |
| County's net pension liability - ending (a) - (b) | $ 244,038 | $ 204,246 | $ 129,332 |
| | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 41.67% | 48.26% | 62.17% |
| | | | |
| Covered-employee payroll | $ 405,184 | $ 393,452 | $ 306,494 |
| | | | |
| County's net pension liability as a percentage of covered-employee payroll | 60.23% | 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

| | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Actuarially determined contribution | $ 34,711 | $ 29,072 | $ 23,904 | $ 21,384 |
| Contributions in relation to the actuarially determined contribution | - | - | 23,904 | 21,617 |
| Contribution deficiency (excess) | $ 34,711 | $ 29,072 | $ - | $ (233) |
| Covered-employee payroll | 393,452 | 393,452 | 306,494 | 270,242 |
| Contributions as a percentage of covered -employee payroll | 0.00% | 0.00% | 7.80% | 8.00% |

Notes to the Schedule:

| | |
|---|---|
| Valuation date | January 1, 2017 |
| Funding Method | Entry Age Normal |
| Actuarial Asset Valuation Method | Smoothed market value with a 5-year smoothing period |
| Assumed Rate of Return on Investments | 7.25% |
| Projected Salary Increases | 3.5% - 5.5% per year adjusted for age |
| Amortization Method | Closed level dollar for remaining unfunded liability |
| Remaining Amortization Period | Varies based on assumptions and actuarial gains or loss from 2 to 30 years |

# SUPPLEMENTARY INFORMATION

**SCHLEY COUNTY, GEORGIA**
**COMBINING BALANCE SHEET**
**NON-MAJOR GOVERNMENTAL FUNDS**
**June 30, 2017**

| | 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 | $ 34,422 | $ 8,645 | $ 19,750 | $ 6,256 | $ 9,227 | $ 1,254 | $ 2,551 | $ - | $ - | $ 82,105 |
| Due from Other Funds | - | 150 | - | - | - | - | - | - | 83,639 | 83,789 |
| Total assets | $ 34,422 | $ 8,795 | $ 19,750 | $ 6,256 | $ 9,227 | $ 1,254 | $ 2,551 | $ - | $ 83,639 | $ 165,894 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | | | | |
| **LIABILITIES** | | | | | | | | | | |
| **Due to General Fund** | $ - | $ - | $ 3,478 | $ - | $ - | $ - | $ - | $ - | $ - | 3,478 |
| **FUND BALANCES** | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | | - |
| Restricted | | | | | | | | | | |
| Capital projects | - | - | - | - | - | - | - | - | 83,639 | 83,639 |
| Judicial | 34,422 | - | - | 6,256 | - | - | - | - | - | 40,678 |
| Public Safety | - | 8,795 | 16,272 | - | 9,227 | 1,254 | - | - | - | 35,548 |
| Committed | - | - | - | - | - | - | 2,551 | - | - | 2,551 |
| Total fund balances | $ 34,422 | $ 8,795 | $ 16,272 | $ 6,256 | $ 9,227 | $ 1,254 | $ 2,551 | $ - | $ 83,639 | 162,416 |
| Total liabilities and fund balances | $ 34,422 | $ 8,795 | $ 19,750 | $ 6,256 | $ 9,227 | $ 1,254 | $ 2,551 | $ - | $ 83,639 | $ 165,894 |

**SCHLEY COUNTY, GEORGIA**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES**
**NON-MAJOR GOVERNMENTAL FUNDS**
**For the Year Ended June 30, 2017**

| | 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 | $ 2,230 | $ 1,693 | $ 4,610 | $ - | $ 1,300 | $ - | $ - | $ - | $ - | $ 9,833 |
| Interest income | - | 12 | 30 | | - | - | - | - | - | 42 |
| Other revenues | - | - | - | 1,938 | 1,957 | 996 | 979 | - | - | 5,870 |
| Total revenues | 2,230 | 1,705 | 4,640 | 1,938 | 3,257 | 996 | 979 | - | - | 15,745 |
| **Expenditures** | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | - | - | 616 | - | 520 | 277 | 30 | - | - | 1,443 |
| Judicial | 1,446 | - | - | 1,307 | - | - | - | - | - | 2,753 |
| Public safety | - | 191 | 3,272 | - | 8,088 | 688 | 240 | 11,496 | - | 23,975 |
| Capital outlay | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 1,446 | 191 | 3,888 | 1,307 | 8,608 | 965 | 270 | 11,496 | - | 28,171 |
| Excess (deficiency) of revenues over (under) expenditures | 784 | 1,514 | 752 | 631 | (5,351) | 31 | 709 | (11,496) | - | (12,426) |
| **Other financing sources (uses)** | | | | | | | | | | |
| Transfers in / (out) | - | - | - | - | - | - | - | (8,465) | - | (8,465) |
| Total other financing sources (uses) | - | - | - | - | - | - | - | (8,465) | - | (8,465) |
| Net change in fund balances | 784 | 1,514 | 752 | 631 | (5,351) | 31 | 709 | (19,961) | - | (20,891) |
| **Fund balances, beginning of year** | 33,638 | 7,281 | 15,520 | 5,625 | 14,578 | 1,223 | 1,842 | 19,961 | 83,639 | 183,307 |
| **Fund balances, end of year** | $ 34,422 | $ 8,795 | $ 16,272 | $ 6,256 | $ 9,227 | $ 1,254 | $ 2,551 | $ - | $ 83,639 | $ 162,416 |

**SCHLEY COUNTY, GEORGIA**
**COMBINING BALANCE SHEET**
**AGENCY FUNDS**
**June 30, 2017**

| | Tax Commissioner | Clerk of Court | Sheriff | Probate Court | Magistrate Court | Totals |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Cash | $ 4,895 | $ 67,545 | $ 300 | $ 1,617 | $ 5,427 | $ 79,784 |
| Taxes Receivable (less doubtful accounts) | 129,933 | - | - | - | - | 129,933 |
| Total Assets | $ 134,828 | $ 67,545 | $ 300 | $ 1,617 | $ 5,427 | $ 209,717 |
| LIABILITIES | | | | | | |
| Due to Others | $ 134,828 | $ 67,545 | $ 300 | $ 1,617 | $ 5,427 | $ 209,717 |
| Total Liabilities | $ 134,828 | $ 67,545 | $ 300 | $ 1,617 | $ 5,427 | $ 209,717 |

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended June 30, 2017

| | Balance 6/30/2016 | Additions | Deductions | Balance 6/30/2017 |
|---|---|---|---|---|
| TAX COMMISSIONER | | | | |
| ASSETS: | | | | |
| Cash | $ 4,698 | $ 4,740,672 | $ 4,740,475 | $ 4,895 |
| Property & Mobile Home Taxes Receivable: | | | | |
| State, School, | 156,037 | 1,939,757 | 1,949,674 | 146,120 |
| Allowance for Uncollected Taxes | (16,982) | 795 | | (16,187) |
| Total Assets | $ 143,753 | $ 6,681,224 | $ 6,690,149 | $ 134,828 |
| LIABILITIES: | | | | |
| Due to General Fund | $ - | $ 1,556,191 | $ 1,556,191 | $ - |
| Due to Others | 143,753 | 5,125,033 | 5,133,958 | 134,828 |
| Total Liabilities | $ 143,753 | $ 6,681,224 | $ 6,690,149 | $ 134,828 |
| CLERK OF COURT | | | | |
| ASSETS: | | | | |
| Cash - Clerk of Court | $ 4,586 | $ 76,382 | $ 75,787 | $ 5,181 |
| Cash - Clerk of Escrow | 62,306 | 2,103 | 2,045 | 62,364 |
| Total Assets | $ 66,892 | $ 78,485 | $ 77,832 | $ 67,545 |
| LIABILITIES: | | | | |
| Due to General Fund | $ - | $ 36,899 | $ 36,899 | $ - |
| Due to Others | 66,892 | 41,586 | 40,933 | 67,545 |
| Total Liabilities | $ 66,892 | $ 78,485 | $ 77,832 | $ 67,545 |
| SHERIFF | | | | |
| ASSETS: | | | | |
| Cash - Sheriff | $ 300 | $ 1,932 | $ 1,932 | $ 300 |
| Total Assets | $ 300 | $ 1,932 | $ 1,932 | $ 300 |
| LIABILITIES: | | | | |
| Due to General Fund | $ - | $ 1,932 | $ 1,932 | $ - |
| Due to Others or from Others | 300 | - | - | 300 |
| Total Liabilities | $ 300 | $ 1,932 | $ 1,932 | $ 300 |

(Continued)

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended June 30, 2017

(Continued)

| | Balance 6/30/2016 | Additions | Deductions | Balance 6/30/2017 |
|---|---|---|---|---|
| PROBATE JUDGE | | | | |
| ASSETS: | | | | |
| Cash | $ 2,398 | $ 77,847 | $ 78,628 | $ 1,617 |
| Total Assets | $ 2,398 | $ 77,847 | $ 78,628 | $ 1,617 |
| LIABILITIES: | | | | |
| Due to General Fund | $ - | $ 47,138 | $ 47,138 | $ - |
| Due to Others | 2,398 | 30,709 | 31,490 | 1,617 |
| Total Liabilities | $ 2,398 | $ 77,847 | $ 78,628 | $ 1,617 |
| MAGISTRATE COURT | | | | |
| ASSETS: | | | | |
| Cash Operating | $ 2,265 | $ 12,986 | $ 12,400 | $ 2,851 |
| Cash - Garnishment | 1,221 | 12,683 | 11,328 | 2,576 |
| Total Assets | $ 3,486 | $ 25,669 | $ 23,728 | $ 5,427 |
| LIABILITIES: | | | | |
| Due to General Fund | $ - | $ 9,026 | $ 9,026 | $ - |
| Due to Others | 3,486 | 16,643 | 14,702 | 5,427 |
| Total Liabilities | $ 3,486 | $ 25,669 | $ 23,728 | $ 5,427 |
| TOTAL ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash | $ 77,774 | $ 4,924,605 | $ 4,922,595 | $ 79,784 |
| Taxes Receivable | 156,037 | 1,939,757 | 1,949,674 | 146,120 |
| Allowance for Uncollected Taxes | (16,982) | 795 | - | (16,187) |
| Total Assets | $ 216,829 | $ 6,865,157 | $ 6,872,269 | $ 209,717 |
| LIABILITIES | | | | |
| Due to General Fund | $ - | $ 1,651,186 | $ 1,651,186 | $ - |
| Due to Others | 216,829 | 5,213,971 | 5,221,083 | 209,717 |
| Total Liabilities | $ 216,829 | $ 6,865,157 | $ 6,872,269 | $ 209,717 |

SCHLEY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2003 - 2007 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Year Ended June 30, 2017

| 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.
2. A total of $188,375 of unbudgeted loans were made to the General Fund, Water Fund, and Sanitation Fund .
3 . In 2016 $104,737 of the loaned amount was repaid for the following:
   Courthouse renovations $75,706.00
   Purchase vehicle for Sheriff Department $29,031.00
4. The Board of Commissioners will repay the loan by making appropriate purchases from general government funds.

SCHLEY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2008 - 2013 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Year Ended June 30, 2017

| 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% |
| New Courthouse annex building | | 316,270.00 | | | |
| Furniture & equipment | | 4,500.00 | | | |
| Security cameras | | 2,980.00 | | | |
| Renovations to old courthouse | | 86,083.14 | | | |
| 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 | | - | 248,813.92 | 100% |
| Ball fields | | 239,332.00 | | | |
| 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 | 83% |
| Equipping Pumper Truck | | 149,833.59 | - | | |
| 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 | | - | 101,076.02 | 112% |
| Dodge Charger, Ford Crown Vic, Ford F-150 | | 84,836.02 | | | |
| 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% |
| Motor grader | | 19,166.66 | | | |
| Durapatcher | | 47,975.00 | | | |
| Renovations of Public Facilities Including | | | | | |
| Fire Stations | 60,000.00 | | - | 49,644.08 | 83% |
| 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 | | | 48,938.41 | 70% |
| 2 - Humvees | | 976.70 | | | |
| Fire Fighting Equipment | | 27,354.00 | 11,496.00 | | |
| 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 | 1,201,861.40 | 11,496.00 | 1,213,357.40 | 80% |
| **Tax allocation paid to City of Ellaville** | 775,000.00 | 621,045.41 | - | 621,045.41 | 80% |
| Transfer to 2013-2019 SPLOST | | | 8,464.95 | 8,464.95 | |
| Total 2008-2013 SPLOST Funds used | $ 2,300,000.00 | $ 1,822,906.81 | $ 19,960.95 | $ 1,842,867.76 | 80% |
| The following supplemental revenues have been received and expended for the following projects: | | | | | |
| 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 Motor grader | | 37,333.34 | - | 37,333.34 | |
| Total 2008-2013 SPLOST expenditures | | $ 1,890,171.67 | $ 19,960.95 | $ 1,910,132.62 | |

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. The County and the City of Ellaville never formally adopted the Intergovernmental Agreement.
5. The SPLOST referendum expired on June 30, 2013.

SCHLEY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2013-2019 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Year Ended June 30, 2017

| PROJECT | ORIGINAL ESTIMATED COSTS | PRIOR YEARS | EXPENDITURES CURRENT YEAR | TOTAL | ESTIMATED PERCENTAGE OF COMPLETION | |
|---|---|---|---|---|---|---|
| Courthouse Renovation/Expansion | $ 400,000.00 | $ 526,439.08 | $ 10,799.32 | $ 537,238.40 | 134% | (3) |
| Community/Recreation Center | 250,000.00 | - | - | - | 0% | |
| Fire Truck (Class A Pumper) | 110,000.00 | - | - | - | 0% | |
| Ambulance | 90,000.00 | - | 252,896.00 | 252,896.00 | 281% | |
| Building Repairs | 140,000.00 | 18,841.85 | - | 20,756.85 | 15% | |
| Library | | | - | | | |
| Post Office | | | 1,600.00 | | | |
| DFACS Building | | | 155.00 | | | |
| Courthouse Annex | | | 85.00 | | | |
| County Agent Extension Building | | | 75.00 | | | |
| | | | - | | | |
| 3- Sheriff Vehicles | 100,000.00 | 40,254.64 | 5,854.36 | 46,109.00 | 46% | (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 | - | 1,175.74 | 1,175.74 | 3% | |
| Extraction Tools & Equipment | 75,000.00 | - | - | - | | |
| Bank charges | - | 16.95 | - | 16.95 | | |
| Total County projects | 1,575,000.00 | 585,552.52 | 272,640.42 | 858,192.94 | 54% | |
| **Tax allocation paid to City of Ellaville** | 725,000.00 | 273,616.66 | 74,832.08 | 348,448.74 | 48% | |
| SPLOST 2013-2019 funds used | $ 2,300,000.00 | $ 859,169.18 | $ 347,472.50 | $ 1,206,641.68 | 52% | |

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 2013-2019 expenditures | $ 965,406.26 | $ 347,472.50 | $ 1,312,878.76 |

NOTES:

1. The County follows the accrual basis of accounting in preparing this schedule. The method is consistent with the preparation of the County's financial statements. There are no differences between the current year expenditures reported on this schedule and the expenditures reported on the Statement of Revenues, Expenditures and Changes in Fund Balances on Page 7.
2. On November 6, 2012, the voters of Schley County approved a special 1% sales tax to become effective July 1, 2013. This Special Purpose Sales Tax is a joint effort with the City of Ellaville, Georgia. The County receives 100% of the distributions from the State of Georgia and in turn distributes funds to the City as required.
3. Courthouse renovation have been funded as follows:

| | |
|---|---|
| SPLOST 2013-2019 funds | $ 537,238.40 |
| Transfer in from the General Fund | 1,500.00 |
| Transfer in from 2003-07 SPLOST | 75,706.08 |
| | $ 614,444.48 |

4. Sheriff vehicles have been funded as follows:

| | |
|---|---|
| SPLOST 2013-2019 funds | $ 46,109.00 |
| Transfer in from 2003-07 SPLOST | 29,031.00 |
| | $ 75,140.00 |

5. Unexpended funds of $8,464.95 from the 2008-2013 SPLOST was transferred in on September 16, 2016.

# 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, 2017, and the related notes to the financial statements, which collectively comprise Schley County's basic financial statements, and have issued our report thereon dated January 24, 2018. 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, 2016, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. (2017-001, 2017-002, 2017-003, 2017-004, 2017-005, 2017-008, and 2017-009).

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 (2017-002, 2017-004, 2017-005, 2017-006 and 2017-007).

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 & Associates LLP

Americus, Georgia
January 24, 2018

## SCHLEY COUNTY, GEORGIA

Schedule of Findings and Responses
For the Year Ended June 30, 2017

## 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, 2017, due to the total amount expended being less than $750,000.

## Section II
## FINANCIAL STATEMENT FINDINGS AND RESPONSES

### 2017-001 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. Bank reconciliations for the General Fund, Water Fund and Sanitation Fund were not prepared timely. We also noted several expenditure posting errors which caused erroneous financial reporting in the General and Water Funds.

*Cause:* The lack of segregation of duties is due to the limited number of individuals in each office to perform all of the duties. Failure to prepare accurate financial reports could result poor management decisions and violations of State budgeting laws.

## 2017-001 Segregation of Duties (continued)

*Recommendation*: The County Manager should review of the monthly bank reconciliations and review any other accounting subsidiary reports, schedules, and workpapers.

*Management's Comments*: We concur with the finding. The County Manager is aware of the risks associated with segregation of duties. He will review monthly bank reconciliations and utilize other staff to assist the County Clerk and the elected officials.

## 2017-002 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*: Expenditures for the following General Fund departments or line items exceeded the budget by $2,500 or more:

| GENERAL FUND: | Final Budget | Actual | Overage |
|---|---|---|---|
| County Administration | $ 86,182 | $ 97,746 | $ (11,564) |
| County Clerk | 68,317 | 110,530 | (42,213) |
| Courthouse Upkeep and Utilities | 18,215 | 21,508 | (3,293) |
| Tax Commissioner | 92,406 | 98,696 | (6,290) |
| Magistrate Court | 27,576 | 43,511 | (15,935) |
| Superior Court | 22,056 | 30,830 | (8,774) |
| Superior Court Judges | 22,021 | 33,399 | (11,378) |
| Sheriff | 288,002 | 350,104 | (62,102) |
| Jail | 190,724 | 203,325 | (12,601) |
| Fire Department and Ambulance Service | 288,092 | 312,111 | (24,019) |
| Road | 339,680 | 460,465 | (120,785) |
| Library | 23,347 | 25,901 | (2,554) |
| Capital Outlay | - | 132,948 | (132,948) |
| Transfers Out | 169,000 | 275,311 | (106,311) |
| T-SPLOST | | | |
| Road | $ 253,225 | $ 261,112 | $ (7,887) |
| Capital Outlay | - | 51,307 | (51,307) |

*Cause:* Severe weather in the County caused unbudgeted costs of materials and overtime in all departments except the courts and the County Clerk. Budget amendments were not made.

*Recommendation*: Financial reports should be prepared promptly each month and budget to actual reports should be carefully reviewed by the County Manager and County Clerk. The budget should be amended as necessary to provide for source of funds for unbudgeted expenditures.

## 2017-002 Expenditures in Excess of the Budget (continued)

*Management's Response*: We concur with the finding. The Commissioners were advised of the budget overruns but we neglected to obtain budget amendments. The County Manager will closely review budget-to-actual reports, and advise department heads of potential budget overruns, and require budget amendments promptly as necessary.

## 2017-003 Excess Funds in Accounts of Tax Commissioner, Magistrate Court, and Clerk of Superior Court

*Criteria*: The Tax Commissioner, the Magistrate Court, and the Clerk of Superior 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, 2017, the Tax Commissioner held excess cash of $4,895.60; 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. The excess funds in the Magistrate Court were disbursed to the General Fund after year end.

## 2017-004 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, 2017, 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)).

## 2017-004 Accounting Procedures and Reporting for SPLOST 2003 – 2007 Fund (continued)

*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.

## 2017-005 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, 2016 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 does require monthly financial reports from the Recreation Authority.

## 2017-006 Accounts required by the Schley County Water Revenue Bonds, Series 2003, and Series 2017

*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.

## 2017-006 Accounts required by the Schley County Water Revenue Bonds, Series 2003, and Series 2017 (continued)

*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. Both of these bonds are paid monthly by electronic funds transfer. We do not anticipate funding these accounts.

## 2017-007 Inadequate SPLOST Reporting in the Newspaper

*Criteria*: State SPLOST Law requires annual reporting of the activities of the SPLOST funds in the newspaper of general circulation in the boundaries of County.

*Condition*: The ad was not published before December 31, 2016 and it did not accurately and completely report the required information. Accounting for expenditures was not maintained in a manner so that a record of each and every project for which the proceeds of the tax are used could be easily compiled.

*Effect*: The citizens of the County were not adequately informed of the status of the three open SPLOST Funds.

*Recommendation*: The County Manager should promptly report the status of the SPLOST funds in the local newspaper to include sufficient information the readers to understand the projects completed, uncompleted and any corrective action as required by state law.

*Management's Response*: We concur with the finding. We will take prompt action to have the required information reported in the newspaper.

## 2017-008 Monitoring of Sanitation Customer Accounts Receivable

*Criteria*: The County bills water and sanitation services each month. The County has procedures to monitor the accounts and cut off service after customer accounts become past due.

*Condition*: Past due accounts have increased over the past year.

*Effect*: For the year ended June 30, 2017, total Sanitation accounts receivable increased by $16,420 to $101,096.

*Recommendation*: The County Manager should review the accounts and initiate collection action. Any accounts that are uncollectible should be reported to the Board of Commissioners for write off.

## 2017-008 Monitoring of Sanitation Customer Accounts Receivable (continued)

*Management's Response*: We concur with the finding. The County Manager reviews the delinquent list at least monthly promptly initiates collection action, however sanitation accounts are difficult to collect. He will review the old delinquent accounts and after thorough investigation, any accounts deemed uncollectible will be presented to the Board of Commissioners for write off. Those considered collectible will have a levy place on their property.

## 2017-009 Inadequate Monitoring of Inter-Fund Accounts Receivable and Payable

*Criteria*: The County has a central payroll system which serves the General, Water and Sanitation Funds. Additionally, one fund may make a purchase or incur an expenditure properly accounted for by another fund.

*Condition*: Interfund accounts have not been monitored and have not been settled.

*Effect*: Fund balances may be over stated or under stated if interfund accounts are not paid.

*Recommendation*: The County Manager should review the interfund accounts and settle the balances either by cash payment or approval of the Board of Commissioners to forgive balances as they may determine not to repay.

*Management's Response*: We concur with the finding. The County Manager will review the interfund accounts and take action to pay them or obtain approval of the Board of Commissioners to reclassify to transfers.

## SCHLEY COUNTY, GEORGIA

Schedule of Findings and Responses
For the Year Ended June 30, 2017

### Section III
### FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

SCHLEY COUNTY, GEORGIA

Status of Prior Year Findings
As of June 30, 2017

## 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.

*Auditee Response/ Status*: Unresolved. See current finding 2017-001.

## 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*: 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 2017-002.

## 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 short-term bank loan payment was budgeted as a transfer to the Water Fund for fiscal year ended June 30, 2017.

*Auditee Response/ Status*: Resolved.

## 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.

*Auditee Response/ Status*: Partially resolved. Excess funds in the Magistrate Court were transferred to the General Fund. See current finding 2017-003.

SCHLEY COUNTY, GEORGIA
Status of Prior Year Findings
As of June 30, 2017

## 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. Schley County Board of Commissioners approved a resolution authorizing that the repayment of these disbursements be forgiven.

*Auditee Response/ Status*: Unesolved. See current finding 2017-004.

## 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*: 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.

*Auditee Response/ Status*: Resolved.

## 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.

*Auditee Response/ Status*: Unresolved. See Current year finding 2017-005.

## 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.

*Auditee Response/ Status*: Resolved.

SCHLEY COUNTY, GEORGIA
Status of Prior Year Findings
As of June 30, 2017

## 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.

*Auditee Response/ Status*: Unresolved. See Current year finding 2017-006.

## 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.

*Auditee Response/ Status*: Resolved.

## 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.

*Auditee Response/ Status*: Resolved.