SCHLEY COUNTY, GEORGIA

FINANCIAL REPORT

For the Fiscal Year Ended
JUNE 30, 2018

SCHLEY COUNTY, GEORGIA
Annual Financial Report
For the Year Ended June 30, 2018

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SCHLEY COUNTY, GEORGIA
Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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FINANCIAL SECTION

CSR
CHAMBLISS, SHEPPARD, ROLAND
& ASSOCIATES, LLP

INDEPENDENT AUDITOR'S REPORT

To the Schley County Board of Commissioners
Ellaville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of Schley County, Georgia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above 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, 2018, 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.

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 Related Ratios 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 nonmajor fund financial statements and schedules, and the schedule of expenditures of special purpose local option sales tax proceeds, as required by Official Code of Georgia 48-8-121, as listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and schedules, and the schedule of expenditures of special purpose local option sales tax proceeds 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 nonmajor fund statements and schedules, and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 19, 2019 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 Hoppard Roland Associates LLP

Americus, Georgia
February 19, 2019

SCHLEY COUNTY, GEORGIA
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Schley County Department of Public Health
ASSETS				
Cash	$ 919,904	$ 15,627	$ 935,531	$ 149,977
Receivables (Net, where applicable, of allowances for uncollectible):				
Property taxes	81,937	-	81,937	-
Sales taxes	75,880	-	75,880	-
Georgia Department of Revenue	9,792	-	9,792	
Accounts	303,401	80,355	383,756	-
Intergovernmental	-	-	-	12,315
Inventory	18,298	19,529	37,827	-
Prepaid items	46,843	-	46,843	-
Internal balances	221,569	(221,569)	-	-
Restricted Cash	-	61,848	61,848	-
Capital assets, non-depreciable	471,202	14,060	485,262	-
Capital assets, depreciable net of accumulated depreciation	2,660,488	10,322,850	12,983,338	5,334
Total Assets	4,809,314	10,292,700	15,102,014	167,626
DEFERRED OUTFLOWS OF RESOURCES				
Pension	38,905	-	38,905	26,942
OPEB	-	-	-	14,895
Total deferred outflows of resources	38,905	-	38,905	41,837
LIABILITIES				
Accounts payable	71,993	14,376	86,369	3,390
Advance payable to the Georgia Department of Public Health	-	-	-	9,266
Tax anticipation note	80,000	-	80,000	-
Accrued wages and payroll liabilities	35,446	1,681	37,127	2,590
Compensated absences due, within one year	18,443	2,504	20,947	3,887
Landfill postclosure care costs, due within one year	26,800	-	26,800	-
Accrued interest payable	-	14,011	14,011	-
Short-term loan	-	659,367	659,367	-
Bonds payable, due within one year	-	118,731	118,731	-
Net pension liability	213,533	-	213,533	143,649
Net OPEB liability	-	-	-	108,126
Compensated absences, due in more than one year	1,292	701	1,993	3,471
Customer deposits	-	62,642	62,642	-
Landfill postclosure care costs, due in more than one year	326,025	-	326,025	-
Bonds payable, due in more than one year	-	6,342,293	6,342,293	-
Total Liabilities	773,532	7,216,306	7,989,838	274,379
DEFERED INFLOWS OF RESOURCES				
Pension	33,335	-	33,335	359
OPEB	-	-	-	12,267
Total deferred inflows of resources	33,335	-	33,335	12,626
NET POSITION				
Net investment in capital assets	3,131,690	3,875,886	7,007,576	5,334
Restricted for:				
Capital projects	785,496	-	785,496	-
Judicial purposes	38,302	-	38,302	-
Public safety purposes	32,086	-	32,086	-
Health and welfare purposes	-	-	-	56,637
Unrestricted	53,778	(799,492)	(745,714)	(139,513)
Total Net Position	$ 4,041,352	$ 3,076,394	$ 7,117,746	$ (77,542)

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Functions/Program	Expenses	Program Revenues: Fees, Fines & Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Schley County Department of Public Health
Governmental Activities:								
General Government	$ 835,525	$ 73,798	$ -	$ -	$ (761,727)	$ -	$ (761,727)	$ -
Judicial	306,805	90,776	-	-	(216,029)	-	(216,029)	-
Public Safety	1,037,243	172,807	9,620	-	(854,816)	-	(854,816)	-
Public Works	714,751	208,953	220,604	213,740	(71,454)	-	(71,454)	-
Health and Welfare	63,648	-	-	-	(63,648)	-	(63,648)	-
Culture and Recreation	98,316	-	-	-	(98,316)	-	(98,316)	-
Housing and Development	29,331	-	-	-	(29,331)	-	(29,331)	-
Total Governmental Activities	3,085,619	546,334	230,224	213,740	(2,095,321)	-	(2,095,321)	-
Business-Type Activities:								
Utilities Authority Water Fund	735,879	337,857	-	-	-	(398,022)	(398,022)	-
Sanitation Department	247,263	203,985	-	-	-	(43,278)	(43,278)	-
Total Business-Type Activities	983,142	541,842	-	-	-	(441,300)	(441,300)	-
Total Primary Government	$ 4,068,761	$ 1,088,176	$ 230,224	$ 213,740	(2,095,321)	(441,300)	(2,536,621)	
Component Units:								
Schley County Health Department	201,830	91,640	113,996	-	-	-	-	3,806
Ellaville-Schley County Recreation Authority	-	-	-	-	-	-	-	-
Total Component Units	$ 201,830	$ 91,640	$ 113,996					3,806
General revenues:								
Taxes:								
Property and Timber					1,234,412	-	1,234,412	-
Motor Vehicle and Mobile Home					235,867	-	235,867	-
Sales					735,067	-	735,067	-
Insurance Premium					191,287	-	191,287	-
Other					76,448	-	76,448	-
Allotments from Participating Local Government					-	-	-	34,000
Interest Earnings					797	-	797	657
Rental Earnings					37,567	-	37,567	-
Miscellaneous					12,971	-	12,971	-
Transfers					(331,361)	331,361	-	-
Total general revenues and transfers					2,193,055	331,361	2,524,416	34,657
Change in net position					97,734	(109,939)	(12,205)	38,463
Net position - Beginning of Year					3,943,618	3,186,333	7,129,951	(116,005)
Net position - ending of year					$ 4,041,352	$ 3,076,394	$ 7,117,746	$ (77,542)

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Transportation Special 1% Sales Tax Fund	Special 1% Sales Tax Fund 2013	Other Governmental Funds	Total
ASSETS					
Cash in Bank	$ 698,354	$ 35,124	$ 113,781	$ 72,645	$ 919,904
Receivables (net of allowance for uncollectible)	422,008	22,655	26,347	-	471,010
Inventories	13,727	4,571	-	-	18,298
Prepaid Items	46,843	-	-	-	46,843
Due from Other Funds	221,569	1,445	35,865	-	258,879
Total Assets	1,402,501	63,795	175,993	72,645	1,714,934
LIABILITIES					
Accounts Payable	64,510	7,483	-	-	71,993
Tax Anticipation Note	80,000	-	-	-	80,000
Accrued Salaries and Payroll Liabilities	35,446	-	-	-	35,446
Due to Other Funds	37,289	-	21	-	37,310
Total Liabilities	217,245	7,483	21	-	224,749
DERERRED INFLOWS OF RESOURCES					
Unavailable Revenue-Property Tax	74,879	-	-	-	74,879
Total Deferred Inflows of Resources	74,879	-	-	-	74,879
FUND BALANCES					
Nonspendable	60,570	4,571	-	-	65,141
Restricted	557,783	51,741	175,972	70,388	855,884
Committed	-	-	-	2,257	2,257
Assigned	-	-	-	-	-
Unassigned	492,024	-	-	-	492,024
Total Fund Balances	1,110,377	56,312	175,972	72,645	1,415,306
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,402,501	$ 63,795	$ 175,993	$ 72,645	

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.		3,131,690
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Property Tax		74,879
Pension Deferred Outflows		38,905
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated Absences	(19,735)	
Net Pension Liability	(213,533)	
Pension Deferred Inflows	(33,335)	
Landfill Postclosure Care Costs	(352,825)	(619,428)
Net position of governmental activities		$ 4,041,352

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, 2018

	General	Transportation Special 1% Sales Tax Fund	Special 1% Sales Tax Fund 2013	Other Governmental Funds	Total
REVENUES:					
Property and Timber Taxes	$ 1,235,604	$ -	$ -	$ -	$ 1,235,604
Motor Vehicle and Mobile Home Taxes	98,837	-	-	-	98,837
Title Ad Valorem Tax	137,030	-	-	-	137,030
Sales Tax	159,292	260,922	314,853	-	735,067
Insurance Premium Tax	191,287	-	-	-	191,287
Financial Institutions Tax	10,952	-	-	-	10,952
Other Taxes	65,496	-	-	-	65,496
Licenses and Permits	16,171	-	-	-	16,171
Intergovernmental	443,964	-	-	-	443,964
Charges for Services	497,930	-	-	-	497,930
Fines and Forfeitures	-	-	-	9,162	9,162
Interest	755	-	-	42	797
Miscellaneous	68,965	-	-	4,645	73,610
Total Revenues	2,926,283	260,922	314,853	13,849	3,515,907
EXPENDITURES:					
Current Operating Expenditures					
General Government	635,458	-	58,141	531	694,130
Judicial	305,023	-		1,437	306,460
Public Safety	937,641	-	-	14,513	952,154
Public Works	678,309	234,498	-	-	912,807
Health and Welfare	57,010	-	-	-	57,010
Culture and Recreation	96,738	-	-	-	96,738
Housing and Development	29,331	-	-	-	29,331
Intergovernmental (City of Ellaville)	-	-	88,782	-	88,782
Capital Outlay					
Judicial	-	-	8,920	-	8,920
Total Expenditures	2,739,510	234,498	155,843	16,481	3,146,332
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	186,773	26,424	159,010	(2,632)	369,575
OTHER FINANCING SOURCES (USES):					
Transfers In	87,139	-	-	-	87,139
Transfers Out	(331,361)	-		(87,139)	(418,500)
Total Other Financing Sources (Uses)	(244,222)	-	-	(87,139)	(331,361)
NET CHANGE IN FUND BALANCES	(57,449)	26,424	159,010	(89,771)	38,214
FUND BALANCE - BEGINNING OF YEAR	1,167,826	29,888	16,962	162,416	1,377,092
FUND BALANCE - END OF YEAR	$ 1,110,377	$ 56,312	$ 175,972	$ 72,645	$ 1,415,306

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, 2018

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.		$ 38,214
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 depreciation ($138,751) exceeded capital outlays ($211,017) in the current period.		(72,266)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property tax receivable	(1,193)	(1,193)
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	(423)	
Net pension liability	(4,534)	
Landfill expenditures	137,936	132,979
Change in Net Position of Governmental Activities.		$ 97,734

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, 2018

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
TAXES				
Real and Personal Property	$ 1,312,200	$ 1,312,200	$ 1,201,310	$ (110,890)
Timber Tax	25,000	25,000	34,294	9,294
Mobile Home	7,500	7,500	14,337	6,837
Motor Vehicle	55,000	55,000	84,500	29,500
Title Ad Valorem Tax	100,000	100,000	137,030	37,030
Local Option Sales Tax	148,000	148,000	159,292	11,292
Insurance Premium Tax	150,000	150,000	191,287	41,287
Financial Institutions	10,000	10,000	10,952	952
Alternate Ad Valorem Tax	10,000	10,000	3,918	(6,082)
Forest Land Protection Act	-	-	12,643	12,643
Real Estate Transfer Tax	3,000	3,000	4,357	1,357
Intangible Recordings	8,500	8,500	12,231	3,731
Interest, Cost, Penalties & Fees	20,400	20,400	20,913	513
Railroad Car Tax	7,100	7,100	9,733	2,633
Franchise Tax	1,200	1,200	1,676	476
Alcoholic Beverage Excise	50	50	25	(25)
Total Taxes	1,857,950	1,857,950	1,898,498	40,548
LICENSES AND PERMITS				
Alcohol Beverage License	250	250	-	(250)
Building Permits	25,000	25,000	16,171	(8,829)
Total Licenses and Permits	25,250	25,250	16,171	(9,079)
INTERGOVERNMENTAL				
Local Maintenance and Improvement Grant	150,000	150,000	220,604	70,604
Georgia Department of Public Health - Trauma Grant			2,739	2,739
State EMA Grants	5,000	5,000	6,881	1,881
Georgia Department of Natural Resources	166,607	166,607	213,740	47,133
Total Intergovernmental	321,607	321,607	443,964	122,357
CHARGES FOR SERVICES				
Sheriff Fees and Charges	7,500	7,500	10,845	3,345
Superior Court Fees	20,000	20,000	22,694	2,694
Magistrate Court Fees	-	-	5,383	5,383
Probate Court Fees	82,200	82,200	49,387	(32,813)
Fuel Sales	82,500	82,500	52,834	(29,666)
Ambulance Fees	75,000	75,000	137,470	62,470
Commission on Tax	55,000	55,000	57,627	2,627
Jail Contract City of Ellaville	18,000	18,000	16,500	(1,500)
Sheriff Secretary (City)	7,308	7,308	7,497	189
Right of Way Maintenance Contract	137,150	137,150	137,150	-
Qualifying Fees	500	500	-	(500)
Other Revenues	-	-	543	543
Total Charges for Services	485,158	485,158	497,930	12,772
FINES & FORFEITURES				
Superior Court Fines	-	-	-	-
Probate Court Fines	-	-	-	-
Drug Funds	4,100	4,100	-	(4,100)
Jail Funds	2,100	2,100	-	(2,100)
	$ 6,200	$ 6,200	$ -	$ (6,200)

(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, 2018

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES (continued)				
INVESTMENT INCOME				
Interest Revenues	$ 2,000	$ 2,000	$ 755	$ (1,245)
MISCELLANEOUS				
Rental Income	41,167	41,167	37,567	(3,600)
Driveway Pipe & Dirt Sales	9,500	9,500	18,427	8,927
FICA Reimbursement from Tax Commissioner	3,000	3,000	-	(3,000)
Surplus Property Sale			236	
Miscellaneous	500	500	12,735	12,235
Total Miscellaneous Revenue	54,167	54,167	68,965	14,562
Total Revenues	2,752,332	2,752,332	2,926,283	173,715
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
County Administration	$ 179,965	$ 182,657	$ 114,407	$ 68,250
County Clerk	116,957	116,957	102,590	14,367
Elections	42,876	42,876	20,884	21,992
Courthouse Upkeep & Utilities	-	33,253	32,537	716
Tax Commissioner	104,280	104,280	100,892	3,388
Tax Assessor	92,832	92,832	88,505	4,327
Board of Equalization	2,695	2,814	2,814	-
Post Office	500	500	161	339
General Operations	152,352	269,827	172,668	97,159
Total General Government	692,457	845,996	635,458	210,538
JUDICIAL				
Magistrate Court	-	-	-	-
Probate & Magistrate Court	123,165	146,547	147,179	(632)
Superior Court	88,270	88,648	88,753	(105)
Superior Court Judges	22,780	37,857	36,216	1,641
District Attorney	12,000	12,000	12,000	-
Grand Jury	31,588	31,588	7,433	24,155
Juvenile Court and Supervision	31,588	31,588	13,442	18,146
Total Judicial	309,391	348,228	305,023	43,205
PUBLIC SAFETY				
Sheriff	329,590	369,776	373,859	(4,083)
Jail	194,744	210,306	210,160	146
Community Service Supervision	2,742	2,742	1,309	1,433
Fire Department & Ambulance Service	293,627	306,465	315,257	(8,792)
Coroner	6,988	7,188	6,908	280
Emergency Management	10,000	10,000	7,816	2,184
Middle Flint E-911	23,200	23,200	22,332	868
Total Public Safety	860,891	929,677	937,641	(7,964)
PUBLIC WORKS				
Fuel to Sale	85,000	85,000	72,781	12,219
Road	401,111	444,962	466,347	(21,385)
Landfill Closure Costs	40,000	170,801	139,181	31,620
Total Public Works	$ 526,111	$ 700,763	$ 678,309	$ 22,454

(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, 2018

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
EXPENDITURES (continued)				
CURRENT (continued)				
HEALTH AND WELFARE				
Health Department	$ 43,585	$ 45,992	$ 45,718	$ 274
Family and Children Services	9,000	11,319	11,292	27
Total Health and Welfare	52,585	57,311	57,010	301
CULTURE AND RECREATION				
Recreation	40,000	40,134	40,000	134
Library	23,347	30,639	29,738	901
Senior Citizens Center	27,000	27,000	27,000	-
Total Culture and Recreation	90,347	97,773	96,738	1,035
HOUSING AND DEVELOPMENT				
Zoning Board	4,200	4,200	5,200	(1,000)
Extension Service	18,490	18,490	15,205	3,285
Forestry Commission	8,926	8,926	8,926	-
Total Housing and Development	31,616	31,616	29,331	2,285
CAPITAL OUTLAY				
Landfill	166,607	-	-	-
Total Expenditures	2,730,005	3,011,364	2,739,510	271,854
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	22,327	(259,032)	186,773	445,569
OTHER FINANCING SOURCES / (USES)				
Reserves	(22,327)	-	-	-
Transfers In	-	-	87,139	87,139
Transfers (Out)	(192,000)	-	(331,361)	(331,361)
Total Other Financial Sources	(214,327)	-	(244,222)	(244,222)
NET CHANGE IN FUND BALANCE	$ (192,000)	$ (259,032)	$ (57,449)	$ 201,347
FUND BALANCE, BEGINNING OF YEAR	1,167,826	1,167,826	1,167,826	-
FUND BALANCE, END OF YEAR	$ 975,826	$ 908,794	$ 1,110,377	$ 201,347

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, 2018

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
TAXES				
Transportation Special Purpose Local Option Sales Tax	$ 240,000	$ 240,000	$ 260,922	$ 20,922
EXPENDITURES				
PUBLIC WORKS				
Road	240,000	240,000	234,498	5,502
Total Expenditures	240,000	240,000	234,498	5,502
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ -	$ -	$ 26,424	$ 26,424
FUND BALANCE, BEGINNING OF YEAR	88,538	88,538	29,888	58,650
FUND BALANCE, END OF YEAR	$ 88,538	$ 88,538	$ 56,312	$ 85,074

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Enterprise Fund		
	Utilities Authority Water Fund	Sanitation Fund	Total
ASSETS			
Current Assets:			
Cash	$ 4,352	$ 11,275	$ 15,627
Accounts Receivable, net of Allowance for Doubtful Accounts	39,234	41,121	80,355
Due from Sanitation Fund	7,758	-	7,758
Inventory	19,529	-	19,529
Total Current Assets	70,873	52,396	123,269
Noncurrent Assets:			
Cash - Customer Deposits	61,848	-	61,848
Due from Water Fund	-	3,161	3,161
Capital Assets			
Construction in Progress	4,060		4,060
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	13,790,655	-	13,790,655
Less: Accumulated Depreciation	(3,453,745)	-	(3,453,745)
Capital Assets, net of depreciation	10,336,910	-	10,336,910
Total Noncurrent Assets	10,398,758	3,161	10,401,919
Total Assets	10,469,631	55,557	10,525,188
LIABILITIES			
Current Liabilities:			
Accounts Payable	14,376	-	14,376
Accrued Wages	980	701	1,681
Due to Water Fund		7,758	7,758
Compensated Absences	400	2,104	2,504
Accrued Interest Payable	14,011	-	14,011
Notes Payable Bank	659,367	-	659,367
Notes Payable USDA Bonds	118,731	-	118,731
Total Current Liabilities	807,865	10,563	818,428
Long-Term Liabilities:			
Due to General Fund	202,442	19,127	221,569
Due to Sanitation Fund	3,161	-	3,161
Customer Water Deposits	62,642	-	62,642
Compensated Absences	-	701	701
Notes Payable USDA Bonds	6,342,293	-	6,342,293
Total Long-Term Liabilities	6,610,538	19,828	6,630,366
Total Liabilities	7,418,403	30,391	7,448,794
NET POSITION			
Net investment in capital assets	3,875,886	-	3,875,886
Unrestricted	(824,658)	25,166	(799,492)
Total Net Position	$ 3,051,228	$ 25,166	$ 3,076,394

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, 2018

	Enterprise Fund		
	Utilities Authority Water Fund	Sanitation Fund	Total
OPERATING REVENUES			
Charges for Services	$ 331,682	$ 202,632	$ 534,314
Water Tap-on and Other Fees	6,175	-	6,175
Other Fees	-	1,353	1,353
Total Operating Revenues	337,857	203,985	541,842
OPERATING EXPENSES			
Personal Services	83,120	44,593	127,713
Material & Supplies	8,089	-	8,089
Maintenance, Operations & Contracted	173,149	202,670	375,819
Depreciation	281,733	-	281,733
Total Operating Expenses	546,091	247,263	793,354
Operating Income (Loss)	(208,234)	(43,278)	(251,512)
NON-OPERATING REVENUE (EXPENSE)			
Interest Expense	(189,788)	-	(189,788)
Net Non-Operating Revenue (Expense)	(189,788)	-	(189,788)
Income (Loss) before transfers	(398,022)	(43,278)	(441,300)
TRANSFERS			
Transfers in	285,991	45,370	331,361
Net transfers in / (out)	285,991	45,370	331,361
CHANGE IN NET POSITION	(112,031)	2,092	(109,939)
NET POSITION - BEGINNING OF YEAR	3,163,259	23,074	3,186,333
NET POSITION - END OF YEAR	$ 3,051,228	$ 25,166	$ 3,076,394

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Enterprise Fund		
	Utilities Authority Water Fund	Sanitation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 329,360	$ 199,504	$ 528,864
Cash payments to suppliers for materials and supplies	(8,016)	-	(8,016)
Cash payments to employees for services	(83,637)	(44,173)	(127,810)
Maintenance, operating & contract services	(175,294)	(202,670)	(377,964)
Net Cash Provided (Used) by Operating Activities	62,413	(47,339)	15,074
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Customer water deposits received	7,503	-	7,503
Customer water deposits refunded or applied to bill	(1,523)	-	(1,523)
Water sales collected by Sanitation Fund	-	6,032	6,032
Transfer from General Fund	285,991	45,370	331,361
Net Cash Provided by Non-Capital Financing Activities	291,971	51,402	343,373
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on long-term debt	(115,672)	-	(115,672)
Interest paid on long-term debt	(163,268)	-	(163,268)
GEFA loan administrative fee	(4,060)	-	(4,060)
Proceeds from short-term bank loan	659,367	-	659,367
Payments on short-term bank loan	(703,055)	-	(703,055)
Interest paid on short-term bank loan	(24,812)	-	(24,812)
Net Cash (Used) by Capital and Related Financing Activities	(351,500)	-	(351,500)
Net Increase (Decrease) in Cash and Cash Equivalents	2,884	4,063	6,947
Cash and Cash Equivalents at June 30, 2017	63,316	7,212	70,528
Cash and Cash Equivalents at June 30, 2018	$ 66,200	$ 11,275	$ 77,475
Displayed as:			
Cash - Operations Account	$ 4,352	$ 11,275	$ 15,627
Cash - Customer Deposits	61,848	-	61,848
	$ 66,200	$ 11,275	$ 77,475

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Enterprise Fund		
	Utilities Authority Water Fund	Sanitation Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES			
Operating Income (Loss)	$ (208,234)	$ (43,278)	$ (251,512)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities :			
Depreciation	281,733	-	281,733
(Increase) Decrease in inventory	(48)	-	(48)
(Increase) Decrease in Accounts Receivable	(2,465)	(4,480)	(6,945)
(Increase) Decrease in Due from Sanitation Fund	(7,758)	-	(7,758)
Increase (Decrease) in Due to Sanitation Fund	1,726	-	1,726
Increase (Decrease) in Accounts Payable	(2,024)	-	(2,024)
Increase (Decrease) in Accrued Salaries	(580)	-	(580)
Increase (Decrease) in Compensated Absences	63	419	482
Net Cash Provided By (Used In) Operations	$ 62,413	$ (47,339)	$ 15,074

See accompanying notes to financial statements.

SCHLEY COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
June 30, 2018

	Agency Funds
ASSETS	
Cash	$ 304,901
Taxes Receivable (net of doubtful accounts $16,422)	130,362
Total Assets	$ 435,263
LIABILITIES	
Due to Others	$ 435,263
Total Liabilities	$ 435,263

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, 2018. 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.

Excluded Potential Component Unit

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, 2018, Schley County contributions were $40,000 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, 2017, 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.

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. G*overnmental activities*, which generally are supported by taxes and County general revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

The statement of activities presents a comparison between direct expenses and program revenues (defined below) for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. A *function* is an 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, extrication tools and additional share of purchasing fire truck according to the project based budget. An agreed upon percentage of each of these taxes is allocated to the City of Ellaville for their capital purposes. This SPLOST started July 1, 2013.

Transportation Special 1% Sales Tax Fund (T-SPLOST) – This Governmental Fund is used to collect allocations of a special 1% sales tax by the county for transportation projects as defined in paragraph (10) of Code Section 48-8-242 or as the local match as required for state transportation projects and grants.

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise funds. 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 reported using the *economic resources* measurement focus and 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 measurable and available. Revenues

are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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, completeness, 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	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 net 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, 2018.

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 consistent with generally accepted accounting principles, Annual budgets are also adopted for each special revenue 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, 2018, at the department level (the legal level of control):

GENERAL FUND:	Final Budget	Actual	Overage
Sheriff	$ 369,776	$ 373,859	$ (4,083)
Fire Department and Ambulance Service	306,465	315,257	(8,792)
Road	444,962	466,347	(21,385)
Transfers Out	-	331,361	(331,361)

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".

Investments - As of and for the year ended June 30, 2018, 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	$ 91,455	$ -	$ -	$ 91,455
Sales Taxes	26,878	22,655	26,347	75,880
State Withholding Tax Refund	9,792	-	-	9,792
Accounts	480,288	-	-	480,288
Gross Receivables	608,413	22,655	26,347	657,415
Less: Allowance for Uncollectible	(186,405)	-	-	(186,405)
Net Receivables	$ 422,008	$ 22,655	$ 26,347	$ 471,010

Non-current property tax receivable of $74,879 (net of allowance for uncollectible of $9,518) 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 2017 digest were levied on September 12, 2017. Taxes were billed on September 27, 2017, and were due and payable by December 20, 2017.

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	$ 57,885	$ 110,083	$ 167,968
Gross Receivables	57,885	110,083	167,968
Less: Allowance for Uncollectible	(18,651)	(68,962)	(87,613)
Net Receivables	$ 39,234	$ 41,121	$ 80,355

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2018, 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	121,131	-	254,079
Total Nondepreciable Capital Assets	350,071	121,131	-	471,202
Capital Assets, Being Depreciated:				
Buildings	2,402,552	8,920	-	2,411,472
Machinery and Equipment	2,181,766	8,700	-	2,190,466
Furniture and Fixtures	178,865	-	-	178,865
Infrastructure	676,154	-	-	676,154
Total Capital Assets, Being Depreciated	5,439,337	17,620	-	5,456,957
Accumulated Depreciation:				
Buildings	(906,409)	(65,811)	-	(972,220)
Machinery and Equipment	(1,407,721)	(128,729)	-	(1,536,450)
Furniture and Fixtures	(171,025)	(2,955)		(173,980)
Infrastructure	(100,296)	(13,523)	-	(113,819)
Total Accumulated Depreciation	(2,585,451)	(211,018)	-	(2,796,469)
Total Depreciable Assets, Net	2,853,886	(193,398)	-	2,660,488
Governmental Activities, Capital Assets, Net	$ 3,203,957	$ (72,267)	$ -	$ 3,131,690

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

Governmental Activities	
General Government	$ 48,178
Judicial	15
Public Safety	86,644
Public Works	67,965
Health and Welfare	6,638
Culture and Recreation	1,578
Total Governmental Activities Depreciation Expense	$ 211,018

Note 5 – Capital Assets (continued)

	Balance	Additions	Decreases	Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	$ 10,000	$ -	$ -	$ 10,000
Construction in progress	-	4,060	-	4,060
Total Nondepreciable Capital Assets	10,000	4,060	-	14,060
Capital Assets, Being Depreciated:				
Building and Plant	20,796	-	-	20,796
Machinery and Equipment	177,993	-	54	178,047
Furniture and Fixtures	10,206			10,206
Water Plant and Wells	13,567,546	-	-	13,567,546
Total Capital Assets, Being Depreciated	13,776,541	-	54	13,776,595
Accumulated Depreciation:				
Buildings and Plant	(5,581)	(416)	-	(5,997)
Machinery and Equipment	(177,993)	-	(54)	(178,047)
Furniture and Fixtures	(10,206)	-	-	(10,206)
Water Plant and Wells	(2,978,178)	(281,317)	-	(3,259,495)
Total Accumulated Depreciation	(3,171,958)	(281,733)	(54)	(3,453,745)
Capital Assets, Being Depreciated, Net	10,604,583	(281,733)	-	10,322,850
Business-Type Activities Capital Assets, Net	$ 10,614,583	$ (277,673)	$ -	$ 10,336,910

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

Note 6 – Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2018 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
T-SPLOST	General Fund	1,424
SPLOST 2013	General Fund	35,865
T-SPLOST	SPLOST 2013	21
Water Fund	Sanitation Fund	7,758
Sanitation Fund	Water Fund	3,161
		$ 269,798

Note 6 – Interfund Receivables, Payables and Transfers (continued)

Due to / from other funds (continued): At the February, 2018, meeting the County Manager advised Board of Commissioners that he had reviewed the balance of $83,639 that the General Fund owed the SPLOST 2003-2007 Fund for disallowed expenditures and he had determined that those expenditures could be considered legitimate SPLOST expenditures. The Commissioners voted to write-off the balance. The loans from the Sanitation Fund to the Water Fund will be repaid as funds are available. Loans from the SPLOST 2013 Fund to the General Fund is due overpayment of an advance by the General Fund to purchase the new ambulance, and disallowed expenditures.

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

Transfers In	Transfers Out	Amount
Water Fund	General Fund	$ 285,991
Sanitation Fund	General Fund	45,370
General Fund	Clerk's Account	3,500
General Fund	SPLOST 2003-2007	83,639
		$ 418,500

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 to supplement operating expenses. The transfer from the Clerk's Account to the General Fund was to distribute excess unused funds. The transfer from the SPLOST 2003 Fund to the General Fund was to write-off old interfund account as explained above.

Note 7 – Fund Equity

Below are the fund balance classifications for the governmental funds at June 30, 2018:

	General	Transportation Special 1% Sales Tax Fund	Special 1% Sales Tax Fund 2,013	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances					
Non Spendable					
Inventory	$ 13,727	$ 4,571	$ -	$ -	$ 18,298
Prepaid items	46,843	-	-	-	46,843
Total Non Spendable	60,570	4,571	-	-	65,141
Restricted					
Capital Projects	557,783	51,741	175,972	-	785,496
Law Library				34,162	34,162
Drug Education				8,808	8,808
Jail Maintenance				13,793	13,793
Clerk of Court				4,140	4,140
Sheriff's Department				9,485	9,485
Total Restricted	557,783	51,741	175,972	70,388	855,884
Committed					
Jail Inmate Services	-	-	-	2,257	2,257
Total Committed	-	-	-	2,257	2,257
Unassigned	492,024				492,024
Total Fund Balances	$ 1,110,377	$ 56,312	$ 175,972	$ 72,645	$ 1,415,306

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

General Fund: On May 8, 2018, the Board of Commissioners authorized a Tax Anticipation Note (TAN), in the amount of $300,000 from local bank. The proceeds of the TAN were provided to the general fund as operating resources for the County. Interest at 5.00% is due on maturity. The balance on June 30, 2018 was $80,000 and is due and payable on December 31, 2018.

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 29, 2017, was obtained from a local bank; maturity date is December 31, 2018. Interest accrues at 4.25% per annum payable at maturity. $ 659,367

Accrued interest payable as of June 30, 2018, was $14,011.

The short-term loan is not collateralized.

	Outstanding 6/30/2017	Additions	Reductions	Outstanding 6/30/2018
Single Advance Note	$ 703,055	$ 659,367	$ (703,055)	$ 659,367
Total Business-Type Activities	$ 703,055	$ 659,367	$ (703,055)	$ 659,367

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, 2018:

	Outstanding 6/30/2017	Additions	Reductions	Outstanding 6/30/2018	Amounts Due in one Year
Governmental Activities:					
Compensated Absences	$ 19,312	$ 24,405	$ (23,982)	$ 19,735	$ 18,443
Net Pension Liability	244,038	46,186	(76,691)	213,533	-
Landfill Postclosure Costs	490,761	-	(137,936)	352,825	26,800
Total Governmental Activities	$ 754,111	$ 70,591	$ (238,609)	$ 586,093	$ 45,243

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	$ 2,723	$ 3,703	$ (3,221)	$ 3,205	$ 2,504
Water Revenue Bonds	6,576,696	-	(115,672)	6,461,024	118,731
Total Business-Type Activities	$ 6,579,419	$ 3,703	$ (118,893)	$ 6,464,229	$ 121,235

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, 2018, the County has 8 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 $352,825. 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
2019	$ 57,729	$ 29,151
2020	56,390	30,490
2021	54,990	31,890
2022	53,525	33,355
2023	51,992	34,888
2024 - 2028	234,396	200,004
2029 - 2033	184,035	250,365
2034 - 2038	120,995	313,405
2039 - 2043	42,139	372,581
Total	$ 856,191	$ 1,296,129

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 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
2019	$ 102,480	$ 89,580
2020	100,672	91,388
2021	98,827	93,233
2022	96,945	95,115
2023	95,025	97,035
2024 - 2028	444,945	515,355
2029 - 2033	390,792	569,508
2034 - 2038	330,949	629,351
2039 - 2043	264,817	695,483
2044 - 2048	191,736	768,564
2049 - 2053	110,977	849,323
2054 - 2057	25,162	670,960
Total	$ 2,253,327	$ 5,164,895

SCHLEY COUNTY UTILITIES AUTHORITY

On March 20, 2018, the Utilities Authority negotiated a loan from the Drinking Water State Revolving Fund administered by the Georgia Environmental Finance Authority in the amount of $406,000. The loan will be disbursed in one or more advances for the purpose of treatment improvements to the Goolsby-Stevens Road well. As on June 30, 2018, no draws have been made on the loan.

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, 2017, 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	6
Active plan members	12
	23

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, 2018, the County's contribution rate was 8.6% of annual payroll. The County's contribution to the Plan was $31,730 for the year ended June 30, 2018.

Note 10 – Defined Benefit Pension Plans (continued)

A. Primary Government (continued)

Net Pension Liability of the County
The County's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2018.

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	4.00%, 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 2018 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 February, 2014.

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block approach based on 20-year benchmarks (33.33%) and 30-year benchmarks (33.33%), as well as the forward-looking capital market assumptions for a moderate asset allocation (33.34%), as determined by UBS. Expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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, 2017 are summarized in the following table:

Asset Class	Targetr Allocation	Long-Term Expected Real Rate of Return
Fixed income	30%	25 - 35%
Large cap equity	30%	25 - 35%
International equity	15%	10 - 20%
Other equity	20%	2.5 - 10%
REIT	5%	2.5. - 10%
	100%	

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

Note 10 – Defined Benefit Pension Plans (continued)

A. Primary Government (continued)

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 2017.
- 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, 2018, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	$ 418,340	$ 174,302	$ 244,038
Changes for the year:			
Service cost	11,693	-	11,693
Interest	29,339	-	29,339
Liability experience (gain) / loss	(6,998)	-	(6,998)
Assumption Change	(8,784)	-	(8,784)
Contributions - employer	-	31,730	(31,730)
Net investment income	-	29,179	(29,179)
Benefit payments	(27,330)	(27,330)	-
Administrative expense	-	(3,660)	3,660
Other charges	-	(1,494)	1,494
Net changes	(2,080)	28,425	(30,505)
Balances at June 30, 2018	$ 416,260	$ 202,727	$ 213,533

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's net pension liability	$ 264,283	$ 213,533	$ 170,908

Note 10 – Defined Benefit Pension Plans (continued)

A. Primary Government (continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2017 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, 2018, the County recognized pension expense of $36,264. At June 30, 2018, 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	$ 8,667	$ (13,476)
Difference between projected and actual pension liability	12,453	(13,027)
Pension assumption changes	17,785	(6,832)
	$ 38,905	$ (33,335)

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

Year ending June 30:	
2019	2,412
2020	2,167
2021	(851)
2022	109
2023	1,733
	$ 5,570

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 2018.

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, 2018, was $151,274.

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 and Contingencies

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

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

Note 14 – Commitments and Contingencies (continued)

Debt Burden:
For the year ended June 30, 2018, net position of the Water Fund decreased by $112,031, primarily due to depreciation and interest on the USDA Revenue Bonds. Operating bank loans in the Water Fund was reduced by $43,688 to $659,367. 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 $285,991 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, 2018, the County paid $3,289 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 $22,332 to the Authority during the twelve months ended June 30, 2018.

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, Webster 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 by the company during this fiscal year was $6,475.

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

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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

	2018	2017	2016	2015
Total pension liability				
Service cost	$ 11,693	$ 10,473	$ 8,893	$ 6,614
Interest on total pension liability	30,330	28,952	24,988	24,660
Changes of benefit terms				
Liability Experience (Gain) / Loss	(6,998)	(10,618)	21,141	-
Changes of assumptions	(8,784)	12,262	15,327	-
Benefit payments, including refunds of employee contributions	(28,321)	(17,500)	(17,500)	(18,157)
Net change in total pension liability	(2,080)	23,569	52,849	13,117
Total pension liability - beginning	418,340	394,771	341,922	328,805
Total pension liability - ending (a)	$ 416,260	$ 418,340	$ 394,771	$ 341,922
Plan fiduciary net position				
Contributions - employer	$ 31,730	$ -	$ -	$ 23,904
Net investment income	29,179	10,268	953	15,046
Benefit payments, including refunds of employee contributions	(27,330)	(17,500)	(17,500)	(17,501)
Administrative expenses	(3,660)	(7,457)	(3,873)	(3,105)
Other	(1,494)	(1,534)	(1,645)	(14,376)
Net change in plan fiduciary net position	28,425	(16,223)	(22,065)	3,968
Plan fiduciary net position - beginning	174,302	190,525	212,590	208,622
Plan fiduciary net position - ending (b)	$ 202,727	$ 174,302	$ 190,525	$ 212,590
County's net pension liability - ending (a) - (b)	$ 213,533	$ 244,038	$ 204,246	$ 129,332
Plan fiduciary net position as a percentage of the total pension liability	48.70%	41.67%	48.26%	62.17%
Covered-employee payroll	$ 370,669	$ 405,184	$ 393,452	$ 306,494
County's net pension liability as a percentage of covered-employee payroll	57.61%	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

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 31,730	$ 32,598	$ 26,604	$ 21,384	$ 20,013
Contributions in relation to the actuarially determined contribution	31,730	-	-	23,904	21,617
Contribution deficiency (excess)	$ -	$ 32,598	$ 26,604	$ (2,520)	$ (1,604)
Covered-employee payroll	370,669	393,452	393,452	306,494	270,242
Contributions as a percentage of covered -employee payroll	8.56%	0.00%	0.00%	7.80%	8.00%

Notes to the Schedule:

Valuation date	January 1, 2018
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, 2018

	Special Revenue							Capital Projects	
	Law Library	Drug Forfeiture Fund	Jail Construction Fund	Clerk's Account	Sheriff's Drug Fund	Sheriff's Miscellaneous Account	Jail Inmate Services Fund	Special 1% Sales Tax Fund 2003 - 2007	Total
ASSETS									
Cash and cash equivalents	$ 34,162	$ 8,808	$ 13,793	$ 4,140	$ 8,859	$ 626	$ 2,257	$ -	$ 72,645
Total assets	$ 34,162	$ 8,808	$ 13,793	$ 4,140	$ 8,859	$ 626	$ 2,257	$ -	$ 72,645
LIABILITIES AND FUND BALANCES									
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-		-
Restricted									
Capital projects	-	-	-	-	-	-	-	-	-
Judicial	34,162	-	-	4,140	-	-	-	-	38,302
Public Safety	-	8,808	13,793	-	8,859	626	-	-	32,086
Committed	-	-	-	-	-	-	2,257	-	2,257
Total fund balances	$ 34,162	$ 8,808	$ 13,793	$ 4,140	$ 8,859	$ 626	$ 2,257	$ -	72,645

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Special Revenue							Capital Projects	
	Law Library	Drug Forfeiture Fund	Jail Construction Fund	Clerk's Account	Sheriff's Drug Fund	Sheriff's Miscellaneous Account	Jail Inmate Services Fund	Special 1% Sales Tax Fund 2003 - 2007	Total
Revenues									
Fines and forfeitures	$ 2,455	$ -	$ 4,410	$ -	$ 2,297	$ -	$ -	$ -	$ 9,162
Interest income	-	13	29		-	-	-	-	42
Other revenues	-	-	-	2,467	1,041	860	277	-	4,645
Total revenues	2,455	13	4,439	2,467	3,338	860	277	-	13,849
Expenditures									
Current									
General government	-	-	-	-	-	411	120	-	531
Judicial	354	-	-	1,083	-	-	-	-	1,437
Public safety	2,361	-	6,918	-	3,706	1,077	451	-	14,513
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	2,715	-	6,918	1,083	3,706	1,488	571	-	16,481
Excess (deficiency) of revenues over (under) expenditures	(260)	13	(2,479)	1,384	(368)	(628)	(294)	-	(2,632)
Other financing sources (uses)									
Transfers in / (out)	-	-	-	(3,500)	-	-	-	(83,639)	(87,139)
Total other financing sources (uses)	-	-	-	(3,500)	-	-	-	(83,639)	(87,139)
Net change in fund balances	(260)	13	(2,479)	(2,116)	(368)	(628)	(294)	(83,639)	(89,771)
Fund balances, beginning of year	34,422	8,795	16,272	6,256	9,227	1,254	2,551	83,639	162,416
Fund balances, end of year	$ 34,162	$ 8,808	$ 13,793	$ 4,140	$ 8,859	$ 626	$ 2,257	$ -	$ 72,645

SCHLEY COUNTY, GEORGIA
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2018

	Tax Commissioner	Clerk of Court	Sheriff	Probate Court	Magistrate Court	Totals
ASSETS						
Cash	$ 905	$ 297,534	$ 300	$ 2,334	$ 3,828	$ 304,901
Taxes Receivable (less doubtful accounts)	130,362	-	-	-	-	130,362
Total Assets	$ 131,267	$ 297,534	$ 300	$ 2,334	$ 3,828	$ 435,263
LIABILITIES						
Due to Others	$ 131,267	$ 297,534	$ 300	$ 2,334	$ 3,828	$ 435,263
Total Liabilities	$ 131,267	$ 297,534	$ 300	$ 2,334	$ 3,828	$ 435,263

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended June 30, 2018

	Balance 6/30/2017	Additions	Deductions	Balance 6/30/2018
TAX COMMISSIONER				
ASSETS:				
Cash	$ 4,895	$ 4,649,672	$ 4,653,662	$ 905
Property & Mobile Home Taxes Receivable:				
State, School,	146,120	1,955,463	1,954,799	146,784
Allowance for Uncollected Taxes	(16,187)		235	(16,422)
Total Assets	$ 134,828	$ 6,605,135	$ 6,608,696	$ 131,267
LIABILITIES:				
Due to General Fund	$ -	$ 1,565,658	$ 1,565,658	$ -
Due to Others	134,828	5,039,477	5,043,038	131,267
Total Liabilities	$ 134,828	$ 6,605,135	$ 6,608,696	$ 131,267
CLERK OF COURT				
ASSETS:				
Cash - Clerk of Court	$ 5,181	$ 83,085	$ 82,883	$ 5,383
Cash - Clerk of Escrow	62,364	233,103	3,316	292,151
Total Assets	$ 67,545	$ 316,188	$ 86,199	$ 297,534
LIABILITIES:				
Due to General Fund	$ -	$ 39,437	$ 39,437	$ -
Due to Others	67,545	276,751	46,762	297,534
Total Liabilities	$ 67,545	$ 316,188	$ 86,199	$ 297,534
SHERIFF				
ASSETS:				
Cash - Sheriff	$ 300	$ 4,546	$ 4,546	$ 300
Total Assets	$ 300	$ 4,546	$ 4,546	$ 300
LIABILITIES:				
Due to General Fund	$ -	$ 3,520	$ 3,520	$ -
Due to Others or from Others	300	1,026	1,026	300
Total Liabilities	$ 300	$ 4,546	$ 4,546	$ 300

(Continued)

SCHLEY COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Year Ended June 30, 2018

(Continued)

	Balance 6/30/2017	Additions	Deductions	Balance 6/30/2017
PROBATE JUDGE				
ASSETS:				
Cash	$ 1,617	$ 75,176	$ 74,459	$ 2,334
Total Assets	$ 1,617	$ 75,176	$ 74,459	$ 2,334
LIABILITIES:				
Due to General Fund	$ -	$ 48,196	$ 48,196	$ -
Due to Others	1,617	26,980	26,263	2,334
Total Liabilities	$ 1,617	$ 75,176	$ 74,459	$ 2,334
MAGISTRATE COURT				
ASSETS:				
Cash Operating	$ 2,851	$ 14,046	$ 15,686	$ 1,211
Cash - Garnishment	2,576	22,273	22,232	2,617
Total Assets	$ 5,427	$ 36,319	$ 37,918	$ 3,828
LIABILITIES:				
Due to General Fund	$ -	$ 9,759	$ 9,759	$ -
Due to Others	5,427	26,560	28,159	3,828
Total Liabilities	$ 5,427	$ 36,319	$ 37,918	$ 3,828
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash	$ 79,784	$ 5,081,901	$ 4,856,784	$ 304,901
Taxes Receivable	146,120	1,955,463	1,954,799	146,784
Allowance for Uncollected Taxes	(16,187)	-	235	(16,422)
Total Assets	$ 209,717	$ 7,037,364	$ 6,811,818	$ 435,263
LIABILITIES				
Due to General Fund	$ -	$ 1,666,570	$ 1,666,570	$ -
Due to Others	209,717	5,370,794	5,145,248	435,263
Total Liabilities	$ 209,717	$ 7,037,364	$ 6,811,818	$ 435,263

SCHLEY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2013-2019 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
For the Year Ended June 30, 2018

PROJECT	ORIGINAL ESTIMATED COSTS	PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION	
Courthouse Renovation/Expansion	$ 400,000.00	$ 537,238.40	$ 8,919.67	$ 546,158.07	137%	(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 Library Post Office DFACS Building Courthouse Annex County Agent Extension Building	140,000.00	20,756.85	58,140.99	78,897.84	56%	
3- Sheriff Vehicles	100,000.00	46,109.00		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	858,192.94	67,060.66	925,253.60	59%	
Tax allocation paid to City of Ellaville	725,000.00	348,448.74	88,781.69	437,230.43	60%	
SPLOST 2013-2019 funds used	$ 2,300,000.00	$ 1,206,641.68	$ 155,842.35	$ 1,362,484.03	59%	
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		$ 1,312,878.76	$ 155,842.35	$ 1,468,721.11		

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	$ 546,158.07
Transfer in from the General Fund	1,500.00
Transfer in from 2003-07 SPLOST	75,706.08
	$ 623,364.15

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, 2018, and the related notes to the financial statements, which collectively comprise Schley County's basic financial statements, and have issued our report thereon dated February 19, 2019.

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. (2018-001, 2018-002, 2018-003, 2018-004, 2018-007, 2018-008, and 2018-009).

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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 (2018-002, 2018-004, 2018-005, and 2018-006).

Schley County's Response to Findings

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

Purpose of this Report

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

Chambless Sheppard Roland and Associates LLP

Americus, Georgia
February 19, 2019

SCHLEY COUNTY, GEORGIA

Schedule of Findings and Responses
For the Year Ended June 30, 2018

Section I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	*Unmodified.*
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, 2018, due to the total amount expended being less than $750,000.

Section II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2018-001 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 in poor management decisions and violations of State budgeting laws.

2018-001 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.

2018-002 General Fund 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
Sheriff	369,776	373,859	(4,083)
Fire Department and Ambulance Service	306,465	315,257	(8,792)
Road	444,962	466,347	(21,385)
Transfers Out - to Water Fund	-	285,991	(285,991)
Transfers Out - to Sanitation Fund	-	45,370	(45,370)

Cause: Lack of monitoring and insufficient budget oversight. Budget for transfers out to the Water and Sanitation Funds was removed by budget amendment for unexplained reasons.

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.

Management's Response: We concur with the finding. The Commissioners were advised of the budget overruns and we obtained 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.

2018-003 Excess Funds in Accounts of Tax Commissioner 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.

2018-003 Excess Funds in Accounts of Tax Commissioner and Clerk of Superior Court (continued)

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

Effect: At June 30, 2018, the Tax Commissioner held excess cash of $2,827; the Clerk's Escrow account held a total of $3,972.05- $2,108.00 is on deposit for which no documentation can be found, and $1,527 is held in the escrow account for two cases dating back to 2005.

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

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

2018-004 Unauthorized disbursements from SPLOST 2013 Fund

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

Condition: Excess reimbursement of $34,544.91 was paid to the General Fund for purchase of the ambulance. Also, $1,320 was paid for elevator maintenance contract, not authorized.

Effect: SPLOST disbursements were made due to clerical error in violation of State law.

Cause: Insufficient monitoring of disbursements.

Recommendation: County manager should monitor and approve expenditures to ensure that only those expenditures authorized in the referendum are made.

Management's Response: We concur with the finding. Erroneous expenditures will be promptly refunded.

2018-005 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.

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.

2018-005 Accounts required by the Schley County Water Revenue Bonds, Series 2003 and Series 2017 (continued)

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.

2018-006 SPLOST-2013 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, 2017. 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 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.

2018-007 Inadequate 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, 2018, total Sanitation accounts receivable increased by $8,987 to $110,083.

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 or taken to the Magistrate Court for lien filing.

Management's Response: We concur with the finding. The County Manager reviews the delinquent list at least monthly and 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 lien. Those considered collectible will have a levy placed on their property. The County has given past due accounts to the Magistrate for lien filing, however, to date this has not occurred.

2018-008 Inadequate Monitoring of Interfund 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: General Fund loans to the Water and Sanitation Funds have accumulated over several years due to insufficient funds available in the Water and Sanitations funds. The 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 to be uncollectible.

Management's Response: We concur with the finding. Two years ago, we decided that current year subsidies by the General Fund to the Water and Sanitation Funds would be considered transfers. There has been no change in the interfund loan balances in the last two years. However, 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.

2018-009 Inadequate Monitoring of Ambulance Accounts Receivable

Criteria: The County utilizes the services of a professional billing and collection service for its ambulance service.

Condition: Ineffective monitoring of ambulance patient accounts resulted in patient account balances at June 30, 2018 of $211,956, an increase of $48,194 over the previous year.

Effect: Ambulance service revenue may be overstated.

Recommendation: The Emergency Medical Services manager should review the interfund accounts and strengthen collection activity. Accounts determined to be uncollectible should be reported to the County Manager and written-off if appropriate.

Management's Response: We concur with the finding. The County Manager will review the ambulance patient accounts accounts and take action to improve collection activities.

Section III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

SCHLEY COUNTY, GEORGIA

Status of Prior Year Findings
As of June 30, 2018

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.

Auditee Response/ Status: Unresolved. See current finding 2018-001.

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.

Auditee Response/ Status: Unresolved. See current finding 2018-002.

2017-003 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. $1,050 excess funds in the Clerk of Superior Court's escrow account was paid to the defendant or the Board of Commissioners based on court order. See current finding 2018-003.

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

Auditee Response/ Status: Resolved. The balance of un-reimbursed funds in the amount of $83,638.63 was authorized by the Board of Commissioners to be forgiven. They concluded that due to passage of time and advice of the County Manager that the expenditures originally deemed inappropriate were, in fact, appropriate.

SCHLEY COUNTY, GEORGIA
Status of Prior Year Findings
As of June 30, 2018

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.

Auditee Response/ Status: Resolved. We have been unable to obtain adequate financial statements from the Recreation Authority. Additionally, we believe the funding and board appointments made by the County do not qualify it as a component unit.

2017-006 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 2018-005.

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.

Auditee Response/ Status: Unresolved. See current finding 2018-006

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.

Auditee Response/ Status: Unresolved. See current finding 2018-007

SCHLEY COUNTY, GEORGIA
Status of Prior Year Findings
As of June 30, 2018

2017-009 Inadequate Monitoring of Interfund 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: General Fund loans to the Water and Sanitation Funds have accumulated over several years due to insufficient funds available in the Water and Sanitations funds. The accounts not been monitored and have not been settled.

Auditee Response/ Status: Unresolved. See current finding 2018-08