TALBOT COUNTY, GEORGIA

FINANCIAL STATEMENTS

Year Ended June 30, 2015

AJK

TALBOT COUNTY, GEORGIA
FINANCIAL STATEMENTS
Year Ended June 30, 2015

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Title page i
Table of contents ii

FINANCIAL SECTION

Independent auditors' report 1

Basic financial statements:
Government-wide financial statements:
Statement of net position 3
Statement of activities 4
Fund financial statements:
Balance sheet - Governmental funds 5
Reconciliation of fund balances on the balance sheet for governmental funds to net position of governmental activities on the statement of net position 6
Statement of revenues, expenditures, and changes in fund balances - Governmental funds 7
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities 8
Statement of revenues, expenditures, and changes in fund balance - Budget and actual - General fund 9
Statement of revenues, expenditures, and changes in fund balance - Budget and actual - TIA 11
Statement of net position - Proprietary funds 12
Statement of revenues, expenses, and changes in net position - Proprietary funds 13
Statement of cash flows - Proprietary funds 14
Statement of assets and liabilities - Fiduciary funds 15
Notes to financial statements 16

Supplemental information:
Nonmajor governmental funds:
Combining balance sheet - Nonmajor governmental funds 34
Combining statement of revenues, expenditures, and changes in fund balances - Nonmajor governmental funds 35
Schedule of revenues, expenditures, and changes in fund balance - Budget and actual - Law library 36
Schedule of revenues, expenditures, and changes in fund balance - Budget and actual - E911 37
Schedule of revenues, expenditures, and changes in fund balance - Budget and actual - Jail 38
Schedule of revenues, expenditures, and changes in fund balance - Budget and actual - DATE 39
Schedule of revenues, expenditures, and changes in fund balance - Budget and actual - Sheriff Drug Fund 40
Fiduciary funds:
Combining statement of changes in assets and liabilities – Agency funds 41
Additional data:
Schedule of special purpose local option sales tax 42
Independent auditors' 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* 43
Schedule of audit findings and responses 45

AJK

AJK

AJK, LLC
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 609 ☐ 405 Second Street ☐ Manchester, GA 31816
(706) 846-8401 ☐ Fax (706) 846-3370

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Talbot County
Talbotton, Georgia 31827

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Talbot County, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Talbot County Department of Public Health, which represent 22 percent, negative 5 percent, and 92 percent, respectively, of the assets, net position, and revenues of the component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Talbot County Department of Public Health, is based solely on the report of the other auditors. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information and the respective budgetary comparison for the General Fund and Special Revenue Fund - TIA, of Talbot County, Georgia, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof 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 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 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Talbot County, Georgia basic financial statements. The combining, individual nonmajor fund financial statements, and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining, individual nonmajor fund financial statements, and other supplemental information 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining, individual nonmajor fund financial statements, and other supplemental information are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of Talbot 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 Talbot County, Georgia's internal control over financial reporting and compliance.

AJK, LLC

Manchester, Georgia
December 18, 2015

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

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Development Authority	Department of Public Health
Assets					
Cash	$ 6,241,437	$ 88,168	$ 6,329,605	$ 340,372	$ 132,807
Receivables (net of allowance for doubtful accounts, where applicable):					
Taxes	282,919		282,919		
Accounts	164,984	101,632	266,616		
Other	329,148		329,148		12,391
Inventory		11,570	11,570		
Prepaid items	36,142	3,240	39,382		
Restricted cash		155,162	155,162		
Capital assets not being depreciated	275,681	19,600	295,281	123,336	
Capital assets being depreciated, net of accumulated depreciation	5,317,163	2,851,299	8,168,462	50,017	
Total assets	12,647,474	3,230,671	15,878,145	513,725	145,198
Deferred outflows of resources					
Employer pension contributions					18,184
Change in proportion share of contributions - pension plan					3,076
Total deferred outflows of resources	-	-	-	-	21,260
Liabilities					
Accounts payable	147,460	397,156	544,616	12,046	9,703
Accrued liabilities	10,396	8,326	18,722		
Customer deposits		113,809	113,809		
Unearned revenue	361,576		361,576		
Long-term liabilities:					
Due within one year	301,147	107,072	408,219		5,071
Due in more than one year	1,748,977	1,685,465	3,434,442		12,708
Net pension liability					129,471
Total liabilities	2,569,556	2,311,828	4,881,384	12,046	156,953
Deferred inflows of resources					
Proportionate share of deferred inflows of resources - pension plan					31,600
Total deferred inflows of resources	-	-	-	-	31,600
Net Position					
Net invested in capital assets	4,507,256	1,099,146	5,606,402	173,353	
Restricted:					
Capital projects	1,287,364		1,287,364		
Public safety	212,822		212,822		
Public works	939,745		939,745		
Judicial	12,244		12,244		
Prior year program income					20,034
Unrestricted	3,118,487	(180,303)	2,938,184	328,326	(42,129)
Total net position	$ 10,077,918	$ 918,843	$ 10,996,761	$ 501,679	$ (22,095)

The accompanying notes are an integral part of these financial statements.

TALBOT COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services, Fees Fines and Forfeitures	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: Development Authority	Component Units: Department of Public Health
Primary government:									
Governmental activities:									
General government	$ 1,503,657	$ 76,282	$ 1,000		$ (1,426,375)		$ (1,426,375)		
Judicial system	428,749				(428,749)		(428,749)		
Public safety	1,753,139	481,573	23,480		(1,248,086)		(1,248,086)		
Public works	1,676,143	330,856	259,216	$ 1,180	(1,084,891)		(1,084,891)		
Health and welfare	677,450	178,701	259,662		(239,087)		(239,087)		
Culture and recreation	258,344	2,611			(255,733)		(255,733)		
Planning and community development	121,020	440			(120,580)		(120,580)		
Interest on long-term debt	38,904				(38,904)		(38,904)		
Total governmental activities	6,457,406	1,070,463	543,358	1,180	(4,842,405)		(4,842,405)		
Business-type activities:									
Water system	1,281,004	713,003				$ (568,001)	(568,001)		
Total business-type activities	1,281,004	713,003	-	-		(568,001)	(568,001)		
Total primary government	$ 7,738,410	$ 1,783,466	$ 543,358	$ 1,180	(4,842,405)	(568,001)	(5,410,406)		
Component units:									
Development Authority	$ 33,893		$ 20,000					$ (13,893)	
Department of Public Health	178,868	$ 43,865	174,277						$ 39,274
Total component units	$ 212,761	$ 43,865	$ 194,277	$ -				(13,893)	39,274
General revenues:									
Taxes:									
Property					3,075,459		3,075,459		
Sales					1,193,624		1,193,624		
Insurance premiums					250,645		250,645		
Motor vehicle and mobile home					305,598		305,598		
Alcoholic beverage					37,488		37,488		
Other					137,218		137,218		
Interest revenue					10,256	254	10,510	494	
Total general revenues					5,010,288	254	5,010,542	494	-
Change in net position					167,883	(567,747)	(399,864)	(13,399)	39,274
Net position at beginning of year, restated					9,910,035	1,486,590	11,396,625	515,078	(61,369)
Net position at end of year					$ 10,077,918	$ 918,843	$ 10,996,761	$ 501,679	$ (22,095)

The accompanying notes are an integral part of these financial statements.

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

Assets	Major Governmental Fund Types			Nonmajor Governmental Fund Types	
	General	TIA	SPLOST	Other Governmental Funds	Total Governmental Funds
Cash	$ 3,859,046	$ 857,764	$ 1,210,404	$ 314,223	$ 6,241,437
Receivables (net where applicable of allowances for uncollectibles):					
Taxes	282,919				282,919
Accounts	164,984				164,984
Other	170,207	81,981	76,960		329,148
Prepaid expenditures	36,142				36,142
Total assets	$ 4,513,298	$ 939,745	$ 1,287,364	$ 314,223	$ 7,054,630
Liabilities					
Accounts payable - Trade	$ 147,460				$ 147,460
Accrued liabilities	10,396				10,396
Unearned revenue	272,419			$ 89,157	361,576
Total liabilities	430,275	$ -	$ -	89,157	519,432
Deferred inflows of resources					
Unavailable revenue - property taxes	180,781				180,781
Total deferred inflows of resources	180,781	-	-	-	180,781
Fund balances					
Fund balances:					
Nonspendable - prepaid items	36,142				36,142
Restricted for:					
Capital projects			1,287,364		1,287,364
Public safety				212,822	212,822
Public works		939,745			939,745
Judicial				12,244	12,244
Unassigned	3,866,100				3,866,100
Total fund balances	3,902,242	939,745	1,287,364	225,066	6,354,417
Total liabilities, deferred inflows of resources, and fund balances	$ 4,513,298	$ 939,745	$ 1,287,364	$ 314,223	$ 7,054,630

The accompanying notes are an integral part of these financial statements.

TALBOT COUNTY, GEORGIA
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL
ACTIVITIES ON THE STATEMENT OF NET POSITION
June 30, 2015

Fund balances - Total governmental funds		$ 6,354,417
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds:		
Add, capital assets		9,734,437
Deduct, accumulated depreciation		(4,141,593)
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at June 30, 2015 are:		
Capital leases	$ (736,949)	
Compensated absences	(243,218)	
Landfill post-closure costs	(655,775)	
Note payable	(348,639)	
Intergovernmental contract	(65,543)	
Total long-term liabilities		(2,050,124)
In governmental funds, revenues must meet the availability test before they can be recognized. That is, they must be collected within 60 days after year end to be used to pay the period's current liabilities. However, no similar requirement applies in the government-wide statements. Therefore unavailable revenue balances reported on the balance sheet of governmental funds must be reversed and recognized as current period revenue. In addition, the governmental fund revenue will also be adjusted at the government-wide level for the change during the year in the balance of unavailable revenues:		
Unavailable property taxes arising from ability to collect after 60 days from year end		180,781
Net position of governmental activities		$ 10,077,918

The accompanying notes are an integral part of these financial statements.

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	Major Governmental Fund Types			Nonmajor Governmental Fund Types	
	General	TIA	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	$ 3,090,507				$ 3,090,507
Sales	278,169	$ 479,646	$ 435,809		1,193,624
Insurance premium	250,645				250,645
Motor vehicle and mobile home	305,598				305,598
Alcoholic beverage	37,488				37,488
Other	137,218				137,218
Licenses and permits	32,135				32,135
Charges for services	799,164				799,164
Fines, forfeitures and court fees	153,519			$ 22,279	175,798
Grants and subsidies	534,551				534,551
Interest revenue	9,954		1,180	302	11,436
Other revenue	63,366				63,366
Total revenues	5,692,314	479,646	436,989	22,581	6,631,530
Expenditures:					
Current:					
General government	1,414,126				1,414,126
Judicial system	421,765			1,810	423,575
Public safety	1,569,356			1,379	1,570,735
Public works	1,291,251	75,219			1,366,470
Health and welfare	633,537				633,537
Culture and recreation	150,384				150,384
Planning and community development	120,282				120,282
Intergovernmental support			44,304		44,304
Debt service:					
Principal payments	227,091	62,691	48,561		338,343
Interest payments	9,249	13,271	16,384		38,904
Capital outlay:					
General government	7,420		19,222		26,642
Public safety	25,755		70,231		95,986
Public works	230,261	177,676	183,122		591,059
Culture and recreation			115,076		115,076
Total expenditures	6,100,477	328,857	496,900	3,189	6,929,423
Excess (deficiency) of revenues over (under) expenditures	(408,163)	150,789	(59,911)	19,392	(297,893)
Other financing sources (uses):					
Debt issued	230,261	177,676			407,937
Sale of capital assets	127,417				127,417
Total other financing sources (uses)	357,678	177,676	-	-	535,354
Net change in fund balances	(50,485)	328,465	(59,911)	19,392	237,461
Fund balances at beginning of year, restated	3,952,727	611,280	1,347,275	205,674	6,116,956
Fund balances at end of year	$ 3,902,242	$ 939,745	$ 1,287,364	$ 225,066	$ 6,354,417

The accompanying notes are an integral part of these financial statements.

TALBOT COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Net changes in fund balances - Total governmental funds	$ 237,461
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($529,596) exceeded depreciation ($436,488) in the current period.	93,108
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, donations) is to decrease net positon.	(63,851)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(69,594)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment consists of the change of one balance:	
Compensated absences	(14,193)
In governmental funds, revenues must meet the availability test before they can be recognized. That is, they must be collected within 60 days after year end to be used to pay the period's current liabilities. However, no similar requirement applies to the government-wide Statement of Activities. Therefore, unavailable revenue amounts are reversed on the Statement of Net Position and recognized as current period revenue on the Statement of Activities:	
Net decrease in unavailable revenue from June 30, 2014 ($195,829) to June 30, 2015 ($180,781)	(15,048)
Change in net position of governmental activities	$ 167,883

The accompanying notes are an integral part of these financial statements.

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget
Revenues:				
Taxes:				
Property	$ 3,090,722	$ 3,090,722	$ 3,090,507	$ (215)
Sales	260,000	260,000	278,169	18,169
Insurance premium	236,529	236,529	250,645	14,116
Motor vehicle and mobile home	351,294	351,294	305,598	(45,696)
Alcoholic beverage	40,000	40,000	37,488	(2,512)
Other	127,902	127,902	137,218	9,316
Licenses and permits	42,300	42,300	32,135	(10,165)
Charges for services	940,898	940,898	799,164	(141,734)
Fines, forfeitures and court fees	194,100	194,100	153,519	(40,581)
Grants and subsidies	820,552	820,552	534,551	(286,001)
Interest revenue	6,500	6,500	9,954	3,454
Other revenue	22,857	22,857	63,366	40,509
Total revenues	6,133,654	6,133,654	5,692,314	(441,340)
Expenditures:				
Current:				
General government:				
General administration	514,555	497,591	385,394	112,197
County commissioners	327,927	324,899	300,692	24,207
Tax commissioners	273,586	276,614	276,614	-
Tax assessors	206,330	206,330	205,171	1,159
Elections	184,292	184,292	144,209	40,083
Public buildings	126,900	126,900	102,046	24,854
Total general government	1,633,590	1,616,626	1,414,126	202,500
Judicial system:				
Probate court	165,038	165,038	161,349	3,689
Clerk of superior court	164,656	166,126	166,126	-
Magistrate	22,661	22,661	20,005	2,656
Other court services	83,600	82,130	74,285	7,845
Total judicial system	435,955	435,955	421,765	14,190
Public safety:				
Ambulance service	499,242	494,740	424,524	70,216
Coroner	19,094	19,094	17,072	2,022
Fire	85,044	94,313	71,225	23,088
Animal control	40,118	40,118	26,930	13,188
Sheriff and jail	1,104,144	1,078,389	996,393	81,996
EMA services	72,786	72,786	10,299	62,487
Regional E-911	21,478	23,753	22,913	840
Total public safety	1,841,906	1,823,193	1,569,356	253,837

Continued.....

The accompanying notes are an integral part of these financial statements.

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2015
(Continued)

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget
Public works:				
Landfill	348,348	348,348	337,154	11,194
Public works	1,133,906	1,011,007	954,097	56,910
Total public works	1,482,254	1,359,355	1,291,251	68,104
Health and welfare:				
Transit	387,707	387,707	355,442	32,265
Nutrition	211,675	211,675	195,546	16,129
Health appropriations	86,409	86,409	82,549	3,860
Total health and welfare	685,791	685,791	633,537	52,254
Culture and recreation:				
Parks	121,507	121,507	118,660	2,847
Library	34,896	34,896	31,724	3,172
Total culture and recreation	156,403	156,403	150,384	6,019
Planning and community development:				
County agent	46,852	46,852	41,877	4,975
Building and zoning	59,388	59,388	57,564	1,824
Planning and community development appropriations	20,841	20,841	20,841	-
Total planning and community development	127,081	127,081	120,282	6,799
Debt service:				
Principal	109,831	227,091	227,091	-
Interest		10,141	9,249	892
Total debt service	109,831	237,232	236,340	892
Capital outlay:				
General government	3,500	8,920	7,420	1,500
Public safety		25,755	25,755	-
Public works		230,261	230,261	-
Total capital outlay	3,500	264,936	263,436	1,500
Total expenditures	6,476,311	6,706,572	6,100,477	606,095
Excess (deficiency) of revenues over (under) expenditures	(342,657)	(572,918)	(408,163)	164,755
Other financing sources (uses):				
Debt issued		230,261	230,261	-
Sale of capital assets			127,417	127,417
Total other financing sources (uses)	-	230,261	357,678	127,417
Net change in fund balances	(342,657)	(342,657)	(50,485)	292,172
Fund balances at beginning of year	3,952,727	3,952,727	3,952,727	-
Fund balances at end of year	$ 3,610,070	$ 3,610,070	$ 3,902,242	$ 292,172

The accompanying notes are an integral part of these financial statements.

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TIA
Year Ended June 30, 2015

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Taxes - sales	$ 479,646	$ 479,646	$ -
Total revenues	479,646	479,646	-
Expenditures:			
Current:			
Public works	75,219	75,219	-
Debt Service:			
Principal payments	62,691	62,691	-
Interest payments	13,271	13,271	-
Capital outlay:			
Public works	177,676	177,676	-
Total expenditures	328,857	328,857	-
Excess (deficiency) of revenues over (under) expenditures	150,789	150,789	-
Other financing sources (uses):			
Debt issued	177,676	177,676	-
Total other financing sources (uses)	177,676	177,676	-
Net change in fund balances	328,465	328,465	-
Fund balances at beginning of year	611,280	611,280	-
Fund balances at end of year	$ 939,745	$ 939,745	$ -

The accompanying notes are an integral part of these financial statements.

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

	Business-Type Activities Major Fund Type Water System
Assets	
Current assets:	
Cash	$ 88,168
Accounts receivable (net of allowance for uncollectible)	101,632
Inventory	11,570
Restricted cash	155,162
Prepaid expenses	3,240
Total current assets	359,772
Noncurrent assets:	
Capital assets not being depreciated	19,600
Capital assets being depreciated, net of accumulated depreciation	2,851,299
Total noncurrent assets	2,870,899
Total assets	3,230,671
Liabilities	
Current liabilities:	
Accounts payable	397,156
Customer deposits	113,809
Accrued interest	8,326
Compensated absences, current portion	11,718
Revenue bonds, current portion	56,643
Capital leases payable, current portion	38,711
Total current liabilities	626,363
Noncurrent liabilities:	
Compensated absences payable	9,066
Revenue bonds payable	1,676,399
Total noncurrent liabilities	1,685,465
Total liabilities	2,311,828
Net Position	
Net invested in capital assets	1,099,146
Unrestricted	(180,303)
Total net position	$ 918,843

The accompanying notes are an integral part of these financial statements.

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Business-Type Activities Major Fund Types Water System
Operating revenues:	
Charges for services	$ 667,106
Penalties	34,310
Miscellaneous	11,587
Total operating revenue	713,003
Operating expenses:	
Salaries and benefits	210,715
Water purchases	596,492
Services and supplies	120,340
Depreciation and amortization	168,457
Other operating	93,356
Total operating expenses	1,189,360
Operating income (loss)	(476,357)
Nonoperating revenues (expenses):	
Interest income	254
Interest expense	(91,644)
Total nonoperating revenues (expenses)	(91,390)
Change in net position	(567,747)
Net position, at beginning of year	1,486,590
Net position, at end of year	$ 918,843

The accompanying notes are an integral part of these financial statements.

TALBOT COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Business-Type Activities Major Fund Types Water System
Cash flows from operating activities:	
Receipts from customers	$ 712,828
Receipt of customer deposits	3,813
Payments to employees	(205,639)
Payments to vendors	(460,881)
Net cash provided by operating activities	50,121
Cash flows from capital and related financing activities:	
Principal paid on capital debt	(59,186)
Interest paid on capital debt	(92,108)
Net cash used by capital and related financing activities	(151,294)
Cash flows from investing activities:	
Interest income	254
Net cash provided by investing activities	254
Net increase (decrease) in cash	(100,919)
Cash at beginning of year	344,249
Cash at end of year	$ 243,330
Reported on balance sheet as:	
Cash	$ 88,168
Restricted cash	155,162
Total cash per balance sheet	$ 243,330
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	$ (476,357)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	168,457
(Increase) decrease in:	
Accounts receivable	(175)
Inventories	1,064
Increase (decrease) in:	
Due to other funds	(17,965)
Customer deposits	3,813
Accounts payable	366,208
Compensated absences	5,076
Net cash provided by operating activities	$ 50,121

The accompanying notes are an integral part of these financial statements.

TALBOT COUNTY, GEORGIA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2015

	Agency Funds
Assets	
Cash	$ 142,037
Taxes receivable	277,594
Total assets	$ 419,631
Liabilities	
Due to others	$ 419,631
Total liabilities	$ 419,631

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Talbot County, Georgia (the County) was incorporated December 14, 1827. The County operates under a board of five commissioners and provides the following services in addition to general government responsibilities: judicial, public safety, public works, health and welfare, culture and recreation, planning and community development, and water services.

The following is a summary of the County's more significant accounting policies used in the preparation of the accompanying financial statements.

A. The Reporting Entity

The accompanying financial statements present the County's primary government and discretely presented component units over which the County exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the County (as distinct from legal relationships).

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the Talbot County Department of Public Health and the Development Authority of Talbot County, the County's only component units. Copies of the component units' financial statements may be obtained from the County Commissioners office.

Information regarding the component units reported in the County's financial statements is listed below:

Discretely Presented Component Unit	Brief Description of Activities and Relationship to the County
Talbot County Department of Public Health	Provides medical services and health education to the citizens of Talbot County. The County Board of Commissioners has the authority to modify and approve the Department of Public Health budget and have committed to provide significant financial support to the Department of Public Health.
Development Authority of Talbot County	Identifies, attracts and locates new business, industry and tourism in Talbot County for the purposes of increasing trade, commerce, industry, tourism and employment opportunities. The County Board of Commissioners appoints a majority of the Board of Directors.

Both the Development Authority of Talbot County and the Talbot County Department of Public Health are presented as discretely presented component units. Both component units are presented as governmental fund types.

Related Organizations - Based upon GASB criteria, the following related organizations are excluded from the financial reporting entity because the County's accountability does not extend beyond making appointments or providing limited financial support:

Talbot County Board of Education
Talbot County Department of Family and Children Services
Talbot County Forestry Commission
Talbot County Housing Authority

Disbursements for these units based on contractual agreements have been budgeted and expended as part of regular operations of the County.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column on the governmental and proprietary fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary fund, and fiduciary fund 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 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.

Governmental fund 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, including property taxes, 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, grants from other governments, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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.

The County reports the following major governmental funds:

General Fund - The General Fund is established to account for resources devoted to financing the general services that the County performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the County are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

TIA Fund - The TIA Fund is a special revenue fund established to account for the County's share of Transportation Investment Act sales tax.

SPLOST Fund - The SPLOST Fund is a capital projects fund established to account for major capital expenditures financed by special local option sales tax receipts.

The County also reports the following major proprietary fund:

Water System Fund - The Water System Fund accounts for the water activities of the government.

Additionally, the County reports the following nonmajor governmental funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

The County also reports the following fiduciary fund type:

Agency Funds - Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Current Agency Funds held by the County are as follows:

Tax Commissioner
Sheriff
Magistrate Court
Probate Court
Superior Court

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule can be payments in lieu of taxes and other charges between the government's water system and other functions of the County.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *General revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County's net position is reported in three parts - 1) net invested in capital assets 2) restricted; and 3) 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.

D. Budgets and Budgetary Accounting

The County prepares and adopts its budget and complies with the auditing requirements for local governments so as to provide local taxpayers with an opportunity to gain information concerning the purpose for which local revenues are proposed to be spent and are actually spent and to assist local governments in generally improving local financial management practices while maintaining, preserving, and encouraging the principle of home rule over local matters. The procedures are as follows:

a. The County manager submits to the Board of Commissioners a proposed operating budget for the following fiscal year. The operating budget includes proposed expenditures and the means of financing them.
b. Public hearings are conducted to obtain taxpayer comments.
c. The budget is legally enacted through passage of an ordinance.
d. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
e. The Capital Projects Fund is budgeted on a project basis, which may be one or more years in length.
f. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Each fund's appropriated budget is prepared on a department level. Revenues are budgeted by source. Expenditures are budgeted by departments, which constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the County Commission. Within these control levels, management may transfer appropriations without Commission approval. Budget appropriations lapse at year end.

The budget amounts shown in these financial statements include any amendments approved by the County. There were no significant amendments during the fiscal year.

E. Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County, and non-negotiable certificates of deposits regardless of original maturity.

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities; bonds or certificates of indebtedness of the state of Georgia and of its agencies and instrumentalities; certificates of deposit of banks insured by the FDIC to the extent that such investments are legal investments; repurchase agreements; and the Local Government Investment Pool, administered by the State of Georgia.

Investments for the County, as well as for its component units are reported at fair value. Neither the County, nor its component units, have any investments at year end.

F. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable/payables" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances between governmental activities and the business-type activities are reported on the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowances for uncollectibles on receivable balances represent estimates based on historical collection rates and account balance aging reports.

The County's property tax is levied on approximately October 15 on the assessed values for all real and personal property, including mobile homes and motor vehicles located in the County. The billings are considered due December 20. At December 21, the bill becomes delinquent, the applicable property is subject to lien, and penalties and interest may be assessed by the County.

All property taxes levied for the current and any previous years, but not received as of June 30, 2015, are shown as property taxes receivable at that date. Any of the taxes, which are determined to be unavailable to pay liabilities of the current period, have been deferred. The Tax Commissioner bills and collects those property taxes levied by the County, the Talbot County Board of Education, the municipalities located within the County and the State of Georgia. Collections and remittances to the County and other governmental agencies are accounted for in an agency fund.

G. Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method and consists of expendable supplies. The County uses the consumption method to record inventory, which means that inventory acquisitions are recorded in inventory accounts when purchased and charged as expenditures or expenses when used. At year end, only the County's business-type activities had inventory balances on the financials.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

I. Restricted Cash

Water System Fund restricted cash is restricted for the Water Fund debt service.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The County is classified as a phase 3 government due to its revenue and classification by GASB 34. The County has opted not to retroactively report infrastructure, but reports all infrastructure additions and related improvements after July 1, 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20-40
Improvements	10-30
Public domain infrastructure	40
System infrastructure	40
Vehicles	5
Equipment	5-15

K. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position 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 that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the County has no items that qualify for reporting as a deferred outflow of resources. The Talbot County Department of Public Health has two items which reflect pension related items.

In addition to liabilities, the statement of financial position 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 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 only one type of item, which arises 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 the amounts become available. The Talbot County Department of Public Health has one item which reflects pension related items.

L. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick pay up to 480 hours are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Fund Equity

Beginning with fiscal year ending June 30, 2011, the County implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength to the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid items) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The County Board of Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the County Board of Commissioners through adoption or amendment of the budget as intended for specific purpose (such as purchase of capital assets, construction, debt service, or for other purposes). It is the County's policy to use restricted fund balances first, followed by committed, assigned, and then unassigned amounts, respectively.

O. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Use of Estimates to Prepare Financial Statements

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Q. Subsequent Events

Subsequent events have been evaluated by management through December 18, 2015, which is the date the financial statements were available to be issued.

2. DEPOSITS AND INVESTMENTS

At year end, the County had $200 in petty cash on hand and the carrying amount of the County's deposits (checking, savings and certificates of deposit) was $6,626,604 and the bank balance was $6,732,112. Of the bank balance, $924,529 was covered by federal depository insurance and $5,807,583 was covered by collateral held in the pledging bank's trust department or by its agent in the County's name. The County does not have a deposit policy for custodial credit risk.

At year end, the carrying amount of the Development Authority of Talbot County, a component unit of the County, deposits (checking and certificates of deposit) was $340,372 and the bank balance was $340,372. Of the bank balance, $263,262 was covered by federal depository insurance and $77,110 was covered by collateral held in the pledging bank's trust department or by its agent in the Authority's name.

As of June 30, 2015, the Health Department's cash deposits were entirely covered by federal depository insurance.

Neither of the discretely presented component units have a deposit policy for custodial credit risk.

3. CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 275,681			$ 275,681
Total capital assets, not being depreciated	275,681	$ -	$ -	275,681
Capital assets, being depreciated:				
Buildings and structures	4,326,188	29,481		4,355,669
Improvements	524,118	21,143		545,261
Machinery and equipment	3,745,663	478,972	191,550	4,033,085
Infrastructure	524,741			524,741
Total capital assets, being depreciated	9,120,710	529,596	191,550	9,458,756
Less, accumulated depreciation for:				
Buildings and structures	(1,153,985)	(112,730)		(1,266,715)
Improvements	(146,345)	(25,088)		(171,433)
Machinery and equipment	(2,503,600)	(285,551)	127,699	(2,661,452)
Infrastructure	(28,874)	(13,119)		(41,993)
Total accumulated depreciation	(3,832,804)	(436,488)	127,699	(4,141,593)
Total capital assets, being depreciated, net	5,287,906	93,108	63,851	5,317,163
Governmental activities capital assets, net	$ 5,563,587	$ 93,108	$ 63,851	$ 5,592,844
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 19,600			$ 19,600
Total capital assets, not being depreciated	19,600	$ -	$ -	19,600

Capital assets, being depreciated:				
Machinery and equipment	171,594			171,594
Transportation equipment	88,115			88,115
Water system	5,949,344			5,949,344
Total capital assets, being depreciated	6,209,053	-	-	6,209,053
Less, accumulated depreciation for:				
Machinery and equipment	(122,680)	(14,022)		(136,702)
Transportation equipment	(67,333)	(5,800)		(73,133)
Water system	(2,999,284)	(148,635)		(3,147,919)
Total accumulated depreciation	(3,189,297)	(168,457)	-	(3,357,754)
Total capital assets, being depreciated, net	3,019,756	(168,457)	-	2,851,299
Business-type activities capital assets, net	$ 3,039,356	$ (168,457)	$ -	$2,870,899

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

Governmental activities:	
General government	$ 75,189
Judicial system	5,174
Public safety	142,173
Public works	145,813
Health and welfare	35,106
Culture and recreation	32,295
Planning and community development	738
Total depreciation expense - governmental activities	$ 436,488
Business-type activities:	
Water system	$ 168,457

Discretely Presented Component Units

The Development Authority of Talbot County's capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 123,336	$ -	$ -	$ 123,336
Capital assets being depreciated:				
Buildings	91,665			91,665
Furniture and equipment	1,442			1,442
Total capital assets being depreciated	93,107	-	-	93,107
Less, accumulated depreciation for:				
Buildings	(38,592)	(3,056)		(41,648)
Furniture and equipment	(1,442)			(1,442)
Total accumulated depreciation	(40,034)	(3,056)	-	(43,090)
Total capital assets being depreciated, net	53,073	(3,056)	-	50,017
Development Authority of Talbot County capital assets, net	$ 176,409	$ (3,056)	$ -	$ 173,353

Depreciation expense of the Development Authority of Talbot County was charged to functions as follows:

Business promotion and tourism	$ 3,056

The Talbot County Department of Public Health's capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Machinery and equipment	$ 5,203			$ 5,203
Less, accumulated depreciation:				
Machinery and equipment	(5,203)			(5,203)
Department of Public Health capital assets, net	$ -	$ -	$ -	$ -

Depreciation expense of Talbot County Department of Public Health was charged to functions/programs as follows:

Health	$ 0

4. LONG-TERM DEBT

A. Revenue Bonds

Primary Government

The County's water system fund issues revenue bonds to make additions and improvements to the County's water system. The bonds are repaid through installments from the Water System Fund. The original amount of revenue bonds issued in prior years is $2,439,800. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Improvements to water system - Water System Fund	5.000%	$ 60,000
Improvements and additions to water system - Water System Fund	5.250%	705,967
Improvements and additions to water system - Water System Fund	5.125%	245,627
Water revenue refunding and improvements - Water System Fund	5.000%	721,448
		$ 1,733,042

Revenue bonds debt service requirements to maturity are as follows:

	Business-Type Activities	
	Principal	Interest
Year ending June 30:		
2016	$ 56,643	$ 87,989
2017	59,287	84,795
2018	62,835	81,697
2019	65,519	78,413
2020	70,139	75,193
2021-2025	329,362	323,798
2026-2030	426,017	227,143
2031-2035	421,593	106,970
2036-2040	215,656	35,144
2041	25,991	396
	$ 1,733,042	$ 1,101,538

B. Capital Lease

Primary Government

The County has entered into lease agreements as a lessee for financing the acquisition of various equipment and vehicles for the governmental activities. These leases are being paid by the general fund, and TIA fund. The County has also entered into a lease agreement as a lessee for financing equipment for the proprietary activities. This lease is being paid by the water fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The expense resulting from amortization of assets recorded under capital leases is included in depreciation expense.

The assets acquired through capital leases are as follows:

	Governmental Activities	Water Fund
Machinery and equipment	$ 1,243,290	$ 65,547
Less, accumulated depreciation	(335,550)	(42,141)
	$ 907,740	$ 23,406

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, are being repaid through the General Fund and TIA Fund for governmental activities, and Water Fund, respectfully and were as follows:

	Governmental Activities	Water Fund
Year ending June 30:		
2016	$ 118,313	$ 41,614
2017	113,921	
2018	113,921	
2019	221,699	
2020	218,801	
Total minimum lease payments	784,655	41,614
Less, amount representing interest	(47,706)	(2,903)
Present value of minimum lease payments	$ 736,949	$ 38,711

C. Note Payable

Primary Government

The County has entered into a note payable for financing renovations of the County's courthouse. The total amount of the loan issued in prior years is $1,106,000. This note is being paid by the SPLOST fund.

Purpose	Interest Rate	Amount
Renovations of courthouse	4.125%	$ 348,639

Loans payable debt service requirements to maturity are as follows:

	Governmental Activities	
	Principal	Interest
Year ending June 30:		
2016	$ 50,542	$ 14,403
2017	52,627	12,318
2018	54,798	10,147
2019	57,058	7,887
2020	59,412	5,533
2021-2022	74,202	3,592
	$ 348,639	$ 53,880

D. Intergovernmental Contract

Primary Government

The County entered into an intergovernmental contract with the Middle Flint Regional E9-1-1 Authority ("the Authority") to pay the County's required equity share to the Authority. The joint venture with the Authority is discussed in Note 12. The original amount of the intergovernmental contract is $110,751 and it is being repaid through the General Fund. The balance outstanding at June 30, 2015 was $65,543 at 3% interest.

Annual debt service requirements to maturity for the intergovernmental contract are as follows:

	Governmental Activities	
	Principal	Interest
Year ending June 30:		
2016	$ 13,811	$ 1,777
2017	14,231	1,357
2018	14,664	924
2019	15,110	478
2020	7,727	68
	$ 65,543	$ 4,604

E. Compensated Absences

Primary Government and Discretely Presented Component Unit

The County and Talbot County Department of Public Health accrue compensated absences for their employees. Both the governmental activities and business-type activities of the County and Talbot County Department of Public Health have compensated absences at June 30, 2015. Accrued compensated absences from the governmental activities of the County are repaid through the general fund. Accrued compensated absences from the business-type activities of the County are repaid through the water fund. The Talbot County Department of Public Health compensated absences are repaid through the component unit's general fund.

F. Changes in Long-Term Liabilities

Primary Government

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Governmental activities:					
Capital leases	$ 590,835	$ 407,937	$ 261,823	$ 736,949	$ 118,313
Note payable	397,200		48,561	348,639	50,542
Intergovernmental contract	78,947		13,404	65,543	13,811
Accrued compensated absences	229,025	136,520	122,327	243,218	118,481
Landfill postclosure costs	670,330		14,555	655,775	
Governmental activity long-term liabilities	$ 1,966,337	$ 544,457	$ 460,670	$ 2,050,124	$ 301,147
Business-type activities:					
Capital leases	$ 44,319		$ 5,608	$ 38,711	$ 38,711
Accrued compensated absences	15,708	$ 16,855	11,779	20,784	11,718
Revenue bonds payable	1,786,620		53,578	1,733,042	56,643
Business-type activity long-term liabilities	$ 1,846,647	$ 16,855	$ 70,965	$ 1,792,537	$ 107,072

Discretely Presented Component Units

Long-term liability activity for the year ended June 30, 2015 for the Talbot County Department of Public Health was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Compensated absences	$ 18,110	$ 5,071	$ 5,402	$ 17,779	$ 5,071

5. PENSION PLAN AND OTHER RETIREMENT BENEFITS

Primary Government

A. Pension Plan

County employees are covered by the Talbot County Money Purchase Plan, a noncontributory defined contribution pension plan for full-time County employees who have attained age 21 and have completed two years of service. Under the plan, the County contributes 6% of participating employee compensation. Plan provisions and contribution requirements are established and may be amended by a resolution of the Talbot County Commission. Full vesting occurs after two years of service. Georgia Farm Bureau has been selected to administer and act as trustee for the plan.

The County's contribution for the year ended June 30, 2015 was $111,410. Total payroll for the year ended June 30, 2015 was $2,459,187.

B. Other Retirement Benefits

The County participates in the following cost-sharing, multiple employer defined benefit pension plans with a special funding situation. Each fund issues plan reports which can be obtained from the plan administrators:

Sheriff's Retirement Fund of Georgia
Judges of the Probate Courts Retirement Fund of Georgia
Peace Officers' Annuity and Benefit Fund
Superior Court Clerks' Retirement Fund of Georgia

Discretely Presented Component Units

Plan Description

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

The Employees' Retirement System of Georgia financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when due, pursuant to plan requirements. Benefits and refunds are recognized as deductions when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Georgia. However, it is accountable for its own fiscal matters and presentation of its separate financial statements.

Benefits Provided

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

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

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

Contributions and Vesting

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

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

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

The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The Health Department's proportion of the collective net pension liability was based on its share of contributions to the pension plan relative to the total employer contributions of all participating ERS employers.

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July1, 2004 – June 30, 2009.

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

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

* Rates shown are net of the 3.00% assumed rate of inflation

Discount Rate

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

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

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

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Employers' and nonemployers' net pension liability	$ 5,469,145	$ 3,750,618	$ 2,287,751

The total retirement contributions to the Georgia State Employees Retirement System for the year ended June 30, 2015 were $18,184 based on qualifying salaries of $84,306.

6. JOINT USE AGREEMENT

On August 4, 1992, the County entered into a joint services contract with the City of Manchester, Georgia regarding the City's water treatment facility. The contract entitles the County to 29% of the City's total water treatment plant capacity, 29% of the reservoir capacity and 29% of total water line capacity. The County in turn shares in the cost of operating and maintaining the water treatment facility based upon actual consumption by the County in relation to the total production of the water treatment plant. Payments to the City are reported as water purchases in the statement of revenues, expenses and changes in fund net position for proprietary funds.

7. LANDFILL CLOSURE AND POSTCLOSURE COSTS

The Talbot County landfill ceased operation in April, 1994. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and perform certain maintenance and monitoring functions at the site for thirty years after closure. The recognition of the liability for closure and postclosure care costs is based on landfill capacity used to date. As of June 30, 2015, 100% of the landfill capacity had been used and the landfill has no remaining life. The $655,775 reported in the governmental activities long-term liabilities on the government-wide financials as landfill postclosure costs at June 30, 2015 represents the unpaid closure and postclosure costs based upon the most current estimate available, and there is no unrecognized liability at June 30, 2015. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Financial expenditures associated with the landfill are being repaid through the general fund.

8. LITIGATION

Any pending law suits at June 30, 2015 are covered by insurance and should not materially affect the financial statements of Talbot County, Georgia.

9. CONTINGENT LIABILITIES

The activities of the General Fund include revenues received from Federal and State governments and expenditures related to Federal and State funded grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies' audits cannot be determined at this time, although the County believes it is in compliance with all related program requirements.

The County has a joint services contract with the City of Manchester, Georgia which entitles the County to 29% of the City's total water treatment plant capacity, 29% of the total reservoir capacity, and 29% of total water line capacity. During fiscal year ending June 30, 2015 the County's cost of water purchases through this contract totaled $499,826, which included $365,398 for an adjustment to the water rates for major repairs to the system mandated by state and federal agencies. The County expects to incur more repairs and maintenance for the water treatment plant in future periods but the amount has not been determined.

10. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The County maintains commercial insurance coverage covering each of the above risks of loss.

There were no significant reductions of insurance coverage from coverage in the prior year.

Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the County.

Settled claims in the past three years have not exceeded the coverage.

Risk Pool - The County has elected to be a member of the Association County Commissioners of Georgia Group Self Insurance Workers' Compensation Fund (GSIWCF), a self-insurance risk pool created under Georgia law. As a participant in the GSIWCF, the County has no legal obligation to pay its own workers' compensation claims. The County is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the County's annual contribution, the County has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GSIWCF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. Since excess insurance is purchased by the GSIWCF to protect the Fund from catastrophic losses, no amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

11. JOINT VENTURES

River Valley Regional Commission – Under Georgia law, the County, in conjunction with other cities and counties in the central Georgia area, is a member of the River Valley Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2015, the County paid $4,961 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes members from each county of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

River Valley Regional Commission
P.O. Box 1908
Columbus, Georgia 31902

Middle Flint Regional E9-1-1 Authority – Pursuant to the authority granted in OCGA Section 46-5-120 et. Seq., Talbot County is a "Participating County", together with Dooly, Macon, Marion, Schley, Sumter, Taylor, and Webster Counties, in the Middle Flint Regional E9-1-1 Authority (the "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 receives telephone calls relating to public safety and it provides emergency call answering services and dispatching. Funding for the E-911 Center is derived from a surcharge added to telephone subscribers in the eight Participating Counties. Operating costs not covered by the surcharge are paid by the Participating Counties on a pro-rata share determined by the revenue collections in each county. Talbot County contributed $19,716 to the Authority during the twelve months ended June 30, 2015. Financial statements for the Middle Flint Regional E9-1-1 Authority can be obtained from:

Middle Flint Regional E9-1-1 Authority
222 Hayes Avenue
Ellaville, Georgia 31806

12. STATE LAW VIOLATION

In a prior fiscal year the County was cited by the Georgia Department of Natural Resources Environmental Protection Division for violation of Georgia Rules for Underground Storage Tank Management. The County failed to meet the permanent closure requirements for the road department underground storage tank. The total cost of correcting the violation is not known, however the County plans to comply fully with the closure requirement.

13. ACCOUNTING CHANGES/RESTATEMENT OF NET POSITION-BEGINNING

Discretely Presented Component Units

Net position-beginning for the Talbot County Department of Public Health is restated due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement requires the recording of the Employer Proportion of the Net Pension Liability for Defined Benefit Pension Plans. The implementation of GASBS 68 requires retroactive application and restatement of all periods presented.

The effect of this change on Net Position-Beginning is:

Net Position as originally reported June 30, 2014	$ 86,796
Effect of restatement:	
Net Pension Liability	(162,515)
Deferred Outflows of Pension Contributions	14,350
Net Position as restated June 30, 2014	$ (61,369)

TALBOT COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Law Library	E911	Jail	DATE	Sheriff Drug Fund	
Assets						
Cash	$ 12,244	$ 100,304	$ 165,766	$ 34,736	$ 1,173	$ 314,223
Total assets	$ 12,244	$ 100,304	$ 165,766	$ 34,736	$ 1,173	$ 314,223
Liabilities						
Unearned revenue		$ 89,157				$ 89,157
Total liabilities	$ -	89,157	$ -	$ -	$ -	89,157
Fund Balances						
Restricted for:						
Law library	12,244					12,244
E911		11,147				11,147
Jail			165,766			165,766
DATE				34,736		34,736
Sheriff drug fund					1,173	1,173
Total fund balances	12,244	11,147	165,766	34,736	1,173	225,066
Total liabilities and fund balances	$ 12,244	$ 100,304	$ 165,766	$ 34,736	$ 1,173	$ 314,223

TALBOT COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	Special Revenue Funds					
	Law Library	E911	Jail	DATE	Sheriff Drug Fund	Total Nonmajor Governmental Funds
Revenues:						
Fines, forfeitures and court fees	$ 1,874		$ 12,174	$ 6,918	$ 1,313	$ 22,279
Interest		$ 101	160	40	1	302
Total revenues	1,874	101	12,334	6,958	1,314	22,581
Expenditures:						
Current:						
Judicial system	1,810					1,810
Public safety				34	1,345	1,379
Total expenditures	1,810	-	-	34	1,345	3,189
Excess (deficiency) of revenues over (under) expenditures	64	101	12,334	6,924	(31)	19,392
Net change in fund balances	64	101	12,334	6,924	(31)	19,392
Fund balances at beginning of year	12,180	11,046	153,432	27,812	1,204	205,674
Fund balances at end of year	$ 12,244	$ 11,147	$ 165,766	$ 34,736	$ 1,173	$ 225,066

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - LAW LIBRARY
Year Ended June 30, 2015

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures and court fees	$ 1,874	$ 1,874	$ -
Total revenues	1,874	1,874	-
Expenditures:			
Current:			
Judicial system - Law library	1,810	1,810	-
Total expenditures	1,810	1,810	-
Excess (deficiency) of revenues over (under) expenditures	64	64	-
Net change in fund balances	64	64	-
Fund balances at beginning of year	12,180	12,180	-
Fund balances at end of year	$ 12,244	$ 12,244	$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - E911
Year Ended June 30, 2015

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Interest	$ 101	$ 101	$ -
Total revenues	101	101	-
Expenditures:			
Current:			
Public safety			-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	101	101	-
Net change in fund balances	101	101	-
Fund balances at beginning of year	11,046	11,046	
Fund balances at end of year	$ 11,147	$ 11,147	$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - JAIL
Year Ended June 30, 2015

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures and court fees	$ 12,174	$ 12,174	$ -
Interest	160	160	-
Total revenues	12,334	12,334	-
Expenditures:			
Current:			
Public safety			-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	12,334	12,334	-
Net change in fund balances	12,334	12,334	-
Fund balances at beginning of year	153,432	153,432	
Fund balances at end of year	$ 165,766	$ 165,766	$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - DATE
Year Ended June 30, 2015

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures and court fees	$ 6,918	$ 6,918	$ -
Interest	40	40	-
Total revenues	6,958	6,958	-
Expenditures:			
Current:			
Public safety	34	34	-
Total expenditures	34	34	-
Excess (deficiency) of revenues over (under) expenditures	6,924	6,924	-
Net change in fund balances	6,924	6,924	-
Fund balances at beginning of year	27,812	27,812	-
Fund balances at end of year	$ 34,736	$ 34,736	$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - SHERIFF DRUG FUND
Year Ended June 30, 2015

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines and forfeitures	$ 1,313	$ 1,313	$ -
Interest	1	1	-
Total revenues	1,314	1,314	-
Expenditures:			
Current:			
Public safety	1,345	1,345	-
Total expenditures	1,345	1,345	-
Excess (deficiency) of revenues over (under) expenditures	(31)	(31)	-
Net change in fund balances	(31)	(31)	-
Fund balances at beginning of year	1,204	1,204	-
Fund balances at end of year	$ 1,173	$ 1,173	$ -

TALBOT COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
TAX COMMISSIONER				
ASSETS				
Cash	$ 137,916	$ 7,419,671	$ 7,448,449	$ 109,138
Receivables, taxes	41,780	277,594	41,780	277,594
Total assets	$ 179,696	$ 7,697,265	$ 7,490,229	$ 386,732
LIABILITIES				
Due to others	$ 179,696	$ 386,732	$ 179,696	$ 386,732
CLERK SUPERIOR COURT				
ASSETS				
Cash	$ 46,890	$ 97,614	$ 119,440	$ 25,064
LIABILITIES				
Due to others	$ 46,890	$ 25,064	$ 46,890	$ 25,064
PROBATE COURT				
ASSETS				
Cash	$ 7,508	$ 161,453	$ 163,124	$ 5,837
LIABILITIES				
Due to others	$ 7,508	$ 5,837	$ 7,508	$ 5,837
MAGISTRATE COURT				
ASSETS				
Cash	$ 747	$ 26,351	$ 26,286	$ 812
LIABILITIES				
Due to others	$ 747	$ 812	$ 747	$ 812
SHERIFF				
ASSETS				
Cash	$ 1,743	$ 16,499	$ 17,056	$ 1,186
LIABILITIES				
Due to others	$ 1,743	$ 1,186	$ 1,743	$ 1,186

TALBOT COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended June 30, 2015

Project	Estimated Percent of Completion	Estimated Project Amount	Amount Expended Prior Years	Amount Expended Current Year
Resolution #070102:				
Recreational facilities and equipment	22%	$ 2,000,000	$ 331,199	$ 99,307
Public safety facilities	25%	2,000,000	489,014	20,444
Roads, streets and bridge purposes	29%	3,500,000	1,007,392	
Courthouse	27%	1,500,000	404,784	
County Commissioners annex	22%	1,000,000	198,099	19,073
Resolution #070107:				
Roads, streets and bridge purposes	84%	$ 1,200,000	$ 611,916	$ 183,182
Public safety facilities	37%	400,000	100,166	49,786
Recreational facilities and equipment	25%	400,000	85,707	15,771
Courthouse	69%	1,600,000	1,109,737	
Town of Geneva	79%	100,000	69,444	8,422
Town of Junction City	78%	100,000	70,161	7,595
City of Talbotton	78%	100,000	69,444	8,422
City of Woodland	78%	100,000	68,727	9,249
Debt service			794,835	64,945
Resolution #070114:				
Jail construction	-	$ 1,200,000		
Roads, streets and bridge purposes	-	800,000		$ 88
Recreational facilities and equipment	-	1,200,000		
Public safety facilities	-	400,000		
Town of Geneva	2%	100,000		2,654
Town of Junction City	2%	100,000		2,654
City of Talbotton	2%	100,000		2,654
City of Woodland	2%	100,000		2,654

AJK

AJK, LLC
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 609 ☐ 405 Second Street ☐ Manchester, GA 31816
(706) 846-8401 ☐ Fax (706) 846-3370

INDEPENDENT AUDITORS' 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*

To the Board of Commissioners
Talbot County, Georgia
Talbotton, Georgia 31827

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Talbot County, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Talbot County, Georgia's basic financial statements and have issued our report thereon dated December 18, 2015. Our report includes a reference to other auditors who audited the financial statements of Talbot County Department of Public Health, as described in our report on Talbot County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Talbot 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 Talbot County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Talbot 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings and responses that we consider to be significant deficiencies, as items 15-1 through 15-4.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Talbot County, Georgia's financial statements are free from 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 audit findings and responses as items 15-5 and 15-6.

TALBOT COUNTY, GEORGIA'S RESPONSE TO FINDINGS

Talbot County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of audit findings and responses. Talbot 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

The purpose of this report is 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AJK, LLC
Manchester, Georgia
December 18, 2015

SIGNIFICANT DEFICIENCIES

15-1 Segregation of Duties

Condition and Criteria:	Due to the small size of the County's staff, controls are not practical to provide adequate segregation of duties in the cash receipts and disbursements functions. This is a repeat finding from the prior year.
Effect:	Because of the failure to separate control over cash, errors or fraud that might avoid detection are possible.
Recommendation:	The County Commission should implement other internal controls in areas where segregation of duties is not practical.
Response:	We continue to require dual signatures and review income and expenses regularly. Monitoring areas for increased segregation is an on-going process.

15-2 Controls Over Financial Statement Preparation

Condition and Criteria:	County personnel do not currently possess the skills necessary to prepare the financial statements and related footnote disclosure in accordance with generally accepted accounting principles. This could result in the omission of a material financial statement element or disclosure that might not be detected by management.
Effect:	The deficiency identified above could result in a material misstatement to the County's financial statements that would not be prevented or detected on a timely basis.
Recommendation:	The County should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.
Response:	We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.

15-3 Sheriff Department Accounting Procedures

Condition and Criteria:	During our audit of the Sheriff department we noted lack of appropriate bookkeeping procedures. The receipt ledger does not agree to deposits per the proof of cash and deposits are not made in a timely manner. Some expenditures from the drug seizure fund are not supported by an invoice. Also, the Commissary account documentation for release of funds are not maintained in an orderly fashion.
Effect:	Failure to maintain orderly accounting records could result in unaccounted for transactions.
Recommendation:	The Sheriff department should maintain accounting records in an orderly fashion by month. Deposits to the bank should be balanced to cash receipt ledger by month and deposits should be made in a timely manner. All expenditures should be supported by an approved invoice. The Commissary account should be balanced at month end and ledgers should be maintained by the month.
Response:	We concur. Beginning in July 2015 these procedures will be put into place.

15-4 Clerk of Superior Court Deposit Procedures

Condition and Criteria:	During our audit we noted the deposits for Clerk of Superior Court are not made in a timely manner. We also noted that there is not a cut off of monthly deposits.
Effect:	Failure to deposit funds in a timely manner causes a risk of loss from burglary, misplacement or misappropriation. Failure to have a cut off at month end could cause receipts to be reported in an incorrect accounting period.
Recommendation:	Deposits should be made in a timely manner and deposits should be separated by month of receipt.
Response:	We concur. Procedures will be put in place immediately.

COMPLIANCE

15-5 Environmental Law Compliance

Condition and Criteria:	In a prior year it was determined that the County was in violation of the Georgia Rules for Underground Storage Tank Management. As of June 30, 2015, the County had not implemented procedures to correct the violation. This is a repeat finding from the prior year.
Effect:	The failure to comply with Georgia environmental laws could result in the assessment of penalties to the County and jeopardize funding received from the state.
Recommendation:	The County should implement procedures to correct the environmental violation related to the underground storage tanks.
Response:	We are working with outside engineers and State agencies to resolve issue.

15-6 Bid Procedures for Public Works Paving Projects

Condition and Criteria:	During our audit we noted that the County did not obtain bids for a public works paving project.
Effect:	The failure to obtain bids on public works paving projects is a violation of state law.
Recommendation:	The County should adopt a bid process that, at a minimum, meets state law.
Response:	We concur. We are in the process of writing this procedure for adoption.