TALBOT COUNTY, GEORGIA

FINANCIAL STATEMENTS

Year Ended June 30, 2017

AJK

TALBOT COUNTY, GEORGIA
FINANCIAL STATEMENTS
Year Ended June 30, 2017

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 33
Combining statement of revenues, expenditures, and changes in fund balances - Nonmajor governmental funds 34
Schedule of revenues, expenditures, and changes in fund balance - Budget and actual - Grant 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
Community Development Block Grant:
Source and application of funds status report 43
Project cost schedule 44
Schedule of revenues and expenditures - EMS department 45
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* 46
Schedule of audit findings and responses 48

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AJK, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2017, and the related notes to the financial statements, which collectively comprise Talbot County, Georgia'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 31 percent, 13 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, 2017, 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 Talbot County, Georgia's 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 14, 2017, 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 14, 2017

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

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Development Authority	Department of Public Health
Assets					
Cash	$ 7,773,888	$ 129,609	$ 7,903,497	$ 316,719	$ 193,838
Receivables (net of allowance for doubtful accounts, where applicable):					
Taxes	283,191		283,191		
Accounts	40,168	138,979	179,147		
Intergovernmental	280,875		280,875		15,753
Internal balance	369,666	(369,666)	-		
Inventory		11,232	11,232		
Prepaid items	71,159		71,159		
Restricted cash		162,687	162,687		
Capital assets not being depreciated	456,813	19,600	476,413	123,336	
Capital assets being depreciated, net of accumulated depreciation	4,712,104	2,515,012	7,227,116	43,905	
Total assets	13,987,864	2,607,453	16,595,317	483,960	209,591
Deferred outflows of resources					
Employer pension contributions					19,035
Proportionate share of collective deferred outflows of resources - pension plan					20,176
Total deferred outflows of resources	-	-	-	-	39,211
Liabilities					
Accounts payable	142,715	58,369	201,084	12,045	7,877
Accrued liabilities		7,314	7,314		
Customer deposits		127,421	127,421		
Unearned revenue	356,508		356,508		
Long-term liabilities:					
Due within one year	240,464	71,512	311,976		2,769
Due in more than one year	1,358,426	1,566,713	2,925,139		
Net pension liability					168,781
Total liabilities	2,098,113	1,831,329	3,929,442	12,045	179,427
Deferred inflows of resources					
Proportionate share of deferred inflows of resources - pension plan					1,726
Total deferred inflows of resources	-	-	-	-	1,726
Net Position					
Net invested in capital assets	4,381,145	917,500	5,298,645	167,241	
Restricted:					
Capital projects	1,935,906		1,935,906		
Public safety	154,184		154,184		
Public works	1,259,508		1,259,508		
Judicial	13,482		13,482		
Prior year program income					21,321
Other					26,923
Unrestricted	4,145,526	(141,376)	4,004,150	304,674	19,405
Total net position	$ 11,889,751	$ 776,124	$ 12,665,875	$ 471,915	$ 67,649

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

TALBOT COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

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	$ 1,435,725	$ 132,014	$ 36,282		$ (1,267,429)		$ (1,267,429)		
Judicial system	503,990				(503,990)		(503,990)		
Public safety	1,773,861	457,531	12,265	$ 113,000	(1,191,065)		(1,191,065)		
Public works	1,634,098	345,239	278,189	1,597	(1,009,073)		(1,009,073)		
Health and welfare	678,482	123,887	310,945		(243,650)		(243,650)		
Culture and recreation	114,353	1,222			(113,131)		(113,131)		
Planning and community development	156,922		39,812		(117,110)		(117,110)		
Interest on long-term debt	29,535				(29,535)		(29,535)		
Total governmental activities	6,326,966	1,059,893	677,493	114,597	(4,474,983)		(4,474,983)		
Business-type activities:									
Water system	946,705	992,770				$ 46,065	46,065		
Total business-type activities	946,705	992,770	-	-		46,065	46,065		
Total primary government	$ 7,273,671	$ 2,052,663	$ 677,493	$ 114,597	(4,474,983)	46,065	(4,428,918)		
Component units:									
Development Authority	$ 34,366		$ 20,000					$ (14,366)	
Department of Public Health	171,570	$ 41,718	187,961						$ 58,109
Total component units	$ 205,936	$ 41,718	$ 207,961	$ -				(14,366)	58,109
General revenues:									
Taxes:									
Property					2,966,032		2,966,032		
Sales					1,268,424		1,268,424		
Insurance premiums					285,622		285,622		
Motor vehicle and mobile home					313,080		313,080		
Alcoholic beverage					33,556		33,556		
Other					163,985		163,985		
Interest revenue					10,947	277	11,224	453	
Total general revenues					5,041,646	277	5,041,923	453	-
Change in net position					566,663	46,342	613,005	(13,913)	58,109
Net position, beginning of year (restated)					11,323,088	729,782	12,052,870	485,828	9,540
Net position, end of year					$ 11,889,751	$ 776,124	$ 12,665,875	$ 471,915	$ 67,649

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

TALBOT COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

Assets	Major Governmental Fund Types: General	TIA	SPLOST	Nonmajor Governmental Fund Types: Other Governmental Funds	Total Governmental Funds
Cash	$ 4,537,728	$ 1,228,174	$ 1,840,320	$ 167,666	$ 7,773,888
Receivables (net where applicable of allowances for uncollectibles):					
Taxes	283,191				283,191
Accounts	40,168				40,168
Intergovernmental	129,306	40,142	101,053	10,374	280,875
Due from other funds	369,666	24,427			394,093
Prepaid expenditures	71,159				71,159
Total assets	$ 5,431,218	$ 1,292,743	$ 1,941,373	$ 178,040	$ 8,843,374
Liabilities					
Accounts payable - Trade	$ 93,639	$ 33,235	$ 5,467	$ 10,374	$ 142,715
Due to other funds	24,427				24,427
Unearned revenue	356,508				356,508
Total liabilities	474,574	33,235	5,467	10,374	523,650
Deferred inflows of resources					
Unavailable revenue - property taxes	189,410				189,410
Total deferred inflows of resources	189,410	-	-	-	189,410
Fund balances					
Fund balances:					
Nonspendable - prepaid items	71,159				71,159
Restricted for:					
Capital projects			1,935,906		1,935,906
Public safety				154,184	154,184
Public works		1,259,508			1,259,508
Judicial				13,482	13,482
Unassigned	4,696,075				4,696,075
Total fund balances	4,767,234	1,259,508	1,935,906	167,666	8,130,314
Total liabilities, deferred inflows of resources, and fund balances	$ 5,431,218	$ 1,292,743	$ 1,941,373	$ 178,040	$ 8,843,374

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, 2017

Fund balances - Total governmental funds		$ 8,130,314
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		10,195,358
Deduct, accumulated depreciation		(5,026,441)
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, 2017 are:		
Capital leases	$ (542,346)	
Compensated absences	(183,538)	
Landfill post-closure costs	(627,580)	
Note payable	(245,426)	
Total long-term liabilities		(1,598,890)
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		189,410
Net position of governmental activities		$ 11,889,751

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, 2017

	Major Governmental Fund Types			Nonmajor Governmental Fund Types	
	General	TIA	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	$ 2,942,956				$ 2,942,956
Sales	311,508	$ 468,920	$ 487,996		1,268,424
Insurance premium	285,622				285,622
Motor vehicle and mobile home	313,080				313,080
Alcoholic beverage	33,556				33,556
Other	163,985				163,985
Licenses and permits	39,372				39,372
Charges for services	715,114			$ 1,415	716,529
Fines, forfeitures, and court fees	172,040			27,725	199,765
Grants and subsidies	588,443			39,812	628,255
Interest revenue	10,776		1,597	171	12,544
Other revenue	104,227				104,227
Total revenues	5,680,679	468,920	489,593	69,123	6,708,315
Expenditures:					
Current:					
General government	1,371,470				1,371,470
Judicial system	500,606			1,969	502,575
Public safety	1,571,492			22,042	1,593,534
Public works	1,185,490	245,809			1,431,299
Health and welfare	594,991				594,991
Culture and recreation	66,509				66,509
Planning and community development	116,455			39,812	156,267
Intergovernmental support			41,146		41,146
Debt service:					
Principal payments	34,287	76,474	52,649		163,410
Interest payments	6,143	11,096	12,296		29,535
Capital outlay:					
Public safety	46,844		42,759	78,437	168,040
Public works	16,382	16,305			32,687
Culture and recreation			15,397		15,397
Total expenditures	5,510,669	349,684	164,247	142,260	6,166,860
Excess (deficiency) of revenues over (under) expenditures	170,010	119,236	325,346	(73,137)	541,455
Other financing sources (uses):					
Transfer in	41,445				41,445
Transfer out		(41,445)			(41,445)
Total other financing sources (uses)	41,445	(41,445)	-	-	-
Net change in fund balances	211,455	77,791	325,346	(73,137)	541,455
Fund balances, beginning of year (restated)	4,555,779	1,181,717	1,610,560	240,803	7,588,859
Fund balances, end of year	$ 4,767,234	$ 1,259,508	$ 1,935,906	$ 167,666	$ 8,130,314

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, 2017

Net changes in fund balances - Total governmental funds	$ 541,455
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 depreciation ($439,199) exceeded capital outlay ($166,308) in the current period.	(272,891)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, donations) is to increase net positon.	113,000
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.	163,410
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	(1,387)
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 increase in unavailable revenue from June 30, 2016 ($166,334) to June 30, 2017 ($189,410)	23,076
Change in net position of governmental activities	$ 566,663

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, 2017

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property	$ 3,073,107	$ 3,073,107	$ 2,942,956	$ (130,151)
Sales	277,000	277,000	311,508	34,508
Insurance premium	268,401	268,401	285,622	17,221
Motor vehicle and mobile home	343,526	343,526	313,080	(30,446)
Alcoholic beverage	29,150	29,150	33,556	4,406
Other	107,522	107,522	163,985	56,463
Licenses and permits	32,700	32,700	39,372	6,672
Charges for services	859,241	859,241	715,114	(144,127)
Fines, forfeitures, and court fees	159,000	159,000	172,040	13,040
Grants and subsidies	935,464	935,464	588,443	(347,021)
Interest revenue			10,776	10,776
Other revenue	23,770	23,770	104,227	80,457
Total revenues	6,108,881	6,108,881	5,680,679	(428,202)
Expenditures:				
Current:				
General government:				
General administration	505,202	426,028	376,999	49,029
County commissioners	283,154	283,154	251,067	32,087
Tax commissioners	261,194	265,231	262,682	2,549
Tax assessors	275,430	275,430	247,963	27,467
Elections	213,260	213,260	134,910	78,350
Public buildings	165,000	165,000	97,849	67,151
Total general government	1,703,240	1,628,103	1,371,470	256,633
Judicial system:				
Probate court	174,502	175,285	175,285	-
Clerk of superior court	184,296	184,296	183,439	857
Magistrate	23,928	23,928	21,468	2,460
Appeal administration	13,334	13,334	10,419	2,915
Other court services	79,400	109,995	109,995	-
Total judicial system	475,460	506,838	500,606	6,232
Public safety:				
Ambulance service	516,215	516,215	382,217	133,998
Coroner	18,940	22,664	15,661	7,003
Fire	83,450	90,569	72,351	18,218
Animal control	24,672	29,875	28,539	1,336
Sheriff and jail	1,086,239	1,086,239	1,027,010	59,229
EMA services	95,437	95,437	31,314	64,123
Regional E-911	14,405	14,405	14,400	5
Total public safety	1,839,358	1,855,404	1,571,492	283,912

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, 2017
(Continued)

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget
Public works:				
Landfill	343,241	343,241	342,617	624
Public works	914,648	914,648	842,873	71,775
Total public works	1,257,889	1,257,889	1,185,490	72,399
Health and welfare:				
Transit	404,979	404,979	355,287	49,692
Nutrition	148,614	157,515	157,515	-
Health appropriations	86,409	86,409	82,189	4,220
Total health and welfare	640,002	648,903	594,991	53,912
Culture and recreation:				
Parks	54,214	54,214	34,785	19,429
Library	32,000	32,000	31,724	276
Total culture and recreation	86,214	86,214	66,509	19,705
Planning and community development:				
County agent	47,241	47,241	40,589	6,652
Building and zoning	61,014	61,014	55,025	5,989
Planning and community development appropriations	20,841	20,841	20,841	-
Total planning and community development	129,096	129,096	116,455	12,641
Debt service:				
Principal	34,287	34,287	34,287	-
Interest	3,713	6,143	6,143	-
Total debt service	38,000	40,430	40,430	-
Capital outlay:				
Judical system	1,500	1,500		1,500
Public safety	47,100	47,100	46,844	256
Public works		16,382	16,382	-
Total capital outlay	48,600	64,982	63,226	1,756
Total expenditures	6,217,859	6,217,859	5,510,669	707,190
Excess (deficiency) of revenues over (under) expenditures	(108,978)	(108,978)	170,010	278,988
Other financing sources (uses):				
Transfer in			41,445	41,445
Total other financing sources (uses)	-	-	41,445	41,445
Net change in fund balances	(108,978)	(108,978)	211,455	320,433
Fund balances, beginning of year (restated)	4,555,779	4,555,779	4,555,779	-
Fund balances, end of year	$ 4,446,801	$ 4,446,801	$ 4,767,234	$ 320,433

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, 2017

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Taxes - sales	$ 468,920	$ 468,920	$ -
Total revenues	468,920	468,920	-
Expenditures:			
Current:			
Public works	245,809	245,809	-
Debt Service:			
Principal payments	76,474	76,474	-
Interest payments	11,096	11,096	-
Capital outlay:			
Public works	16,305	16,305	-
Total expenditures	349,684	349,684	-
Excess (deficiency) of revenues over (under) expenditures	119,236	119,236	-
Other financing sources (uses):			
Transfer out	(41,445)	(41,445)	-
Total other financing sources (uses)	(41,445)	(41,445)	-
Net change in fund balances	77,791	77,791	-
Fund balances, beginning of year	1,181,717	1,181,717	-
Fund balances, end of year	$ 1,259,508	$ 1,259,508	$ -

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

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

	Business-Type Activities Major Fund Type Water System
Assets	
Current assets:	
Cash	$ 129,609
Accounts receivable (net of allowance for uncollectible)	138,979
Inventory	11,232
Restricted cash	162,687
Total current assets	442,507
Noncurrent assets:	
Capital assets not being depreciated	19,600
Capital assets being depreciated, net of accumulated depreciation	2,515,012
Total noncurrent assets	2,534,612
Total assets	2,977,119
Liabilities	
Current liabilities:	
Accounts payable	58,369
Customer deposits	127,421
Due to other funds	369,666
Accrued interest	7,314
Compensated absences, current portion	8,677
Revenue bonds, current portion	62,835
Total current liabilities	634,282
Noncurrent liabilities:	
Compensated absences payable	12,436
Revenue bonds payable	1,554,277
Total noncurrent liabilities	1,566,713
Total liabilities	2,200,995
Net Position	
Net invested in capital assets	917,500
Unrestricted	(141,376)
Total net position	$ 776,124

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, 2017

	Business-Type Activities Major Fund Types Water System
Operating revenues:	
Charges for services	$ 939,233
Penalties	30,780
Miscellaneous	22,757
Total operating revenue	992,770
Operating expenses:	
Salaries and benefits	222,869
Water purchases	268,689
Services and supplies	109,067
Depreciation and amortization	167,937
Other operating	93,860
Total operating expenses	862,422
Operating income (loss)	130,348
Nonoperating revenues (expenses):	
Interest income	277
Interest expense	(84,283)
Total nonoperating revenues (expenses)	(84,006)
Change in net position	46,342
Net position, beginning of year	729,782
Net position, end of year	$ 776,124

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

TALBOT COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2017

	Business-Type Activities Major Fund Types Water System
Cash flows from operating activities:	
Receipts from customers	$ 971,555
Receipt of customer deposits	9,510
Payments to employees	(220,686)
Payments to vendors	(536,096)
Net cash provided by operating activities	224,283
Cash flows from capital and related financing activities:	
Principal paid on capital debt	(59,287)
Interest paid on capital debt	(84,795)
Net cash used by capital and related financing activities	(144,082)
Cash flows from investing activities:	
Interest income	277
Net cash provided by investing activities	277
Net increase (decrease) in cash	80,478
Cash, beginning of year	211,818
Cash, end of year	$ 292,296
Reported on balance sheet as:	
Cash	$ 129,609
Restricted cash	162,687
Total cash per balance sheet	$ 292,296
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	$ 130,348
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	167,937
(Increase) decrease in:	
Accounts receivable	(21,215)
Inventories	(1,680)
Increase (decrease) in:	
Due to other funds	(71,338)
Customer deposits	9,510
Accounts payable	8,538
Compensated absences	2,183
Net cash provided by operating activities	$ 224,283

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

TALBOT COUNTY, GEORGIA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2017

	Agency Funds
Assets	
Cash	$ 311,662
Taxes receivable	266,189
Total assets	$ 577,851
Liabilities	
Due to others	$ 577,851
Total liabilities	$ 577,851

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's 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 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, 2017, 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 acquisition value at the time of acquisition plus any ancillary charges incurred to put the asset into service.

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 Net 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 Net 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 14, 2017, 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 $8,377,646 and the bank balance was $8,426,554. Of the bank balance, $1,105,057 was covered by federal depository insurance and $7,321,497 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 $316,719 and the bank balance was $316,719. Of the bank balance, $268,669 was covered by federal depository insurance and $48,050 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, 2017, 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, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 275,681	$ 3,000		$ 278,681
Construction in progress		178,132		178,132
Total capital assets, not being depreciated	275,681	181,132	$ -	456,813
Capital assets, being depreciated:				
Buildings and structures	4,355,669			4,355,669
Improvements	545,261			545,261
Machinery and equipment	4,214,698	98,176		4,312,874
Infrastructure	524,741			524,741
Total capital assets, being depreciated	9,640,369	98,176	-	9,738,545
Less, accumulated depreciation for:				
Buildings and structures	(1,379,777)	(112,893)		(1,492,670)
Improvements	(197,188)	(25,718)		(222,906)
Machinery and equipment	(2,955,165)	(287,469)		(3,242,634)
Infrastructure	(55,112)	(13,119)		(68,231)
Total accumulated depreciation	(4,587,242)	(439,199)	-	(5,026,441)
Total capital assets, being depreciated, net	5,053,127	(341,023)	-	4,712,104
Governmental activities capital assets, net	$5,328,808	$ (159,891)	$ -	$5,168,917
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	(150,617)	(13,502)		(164,119)
Transportation equipment	(78,933)	(5,800)		(84,733)
Water system	(3,296,554)	(148,635)		(3,445,189)
Total accumulated depreciation	(3,526,104)	(167,937)	-	(3,694,041)
Total capital assets, being depreciated, net	2,682,949	(167,937)	-	2,515,012
Business-type activities capital assets, net	$2,702,549	$ (167,937)	$ -	$2,534,612

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

Governmental activities:	
General government	$ 62,868
Judicial system	1,415
Public safety	145,908
Public works	161,653
Health and welfare	34,253
Culture and recreation	32,447
Planning and community development	655
Total depreciation expense - governmental activities	$ 439,199

Business-type activities:	
Water system	$ 167,937

Discretely Presented Component Units

The Development Authority of Talbot County's capital asset activity for the year ended June 30, 2017 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	(44,704)	(3,056)		(47,760)
Furniture and equipment	(1,442)			(1,442)
Total accumulated depreciation	(46,146)	(3,056)	-	(49,202)
Total capital assets being depreciated, net	46,961	(3,056)	-	43,905
Development Authority of Talbot County capital assets, net	$ 170,297	$ (3,056)	$ -	$ 167,241

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, 2017 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%	$ 38,000
Improvements and additions to water system - Water System Fund	5.250%	658,174
Improvements and additions to water system - Water System Fund	5.125%	228,799
Water revenue refunding and improvements - Water System Fund	5.000%	692,139
		$ 1,617,112

Revenue bonds debt service requirements to maturity are as follows:

	Business-Type Activities	
	Principal	Interest
Year ending June 30:		
2018	$ 62,835	$ 81,697
2019	65,519	78,413
2020	70,139	75,193
2021	59,307	71,325
2022	62,438	68,194
2023-2027	365,054	288,106
2028-2032	472,119	181,041
2033-2037	297,894	69,725
2038-2041	161,807	15,059
	$ 1,617,112	$ 928,753

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. 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
Machinery and equipment	$ 848,715
Less, accumulated depreciation	(373,480)
	$ 475,235

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, are being repaid through the General Fund and TIA Fund for governmental activities are as follows:

	Governmental Activities
Year ending June 30:	
2018	$ 113,921
2019	221,932
2020	229,245
Total minimum lease payments	565,098
Less, amount representing interest	(22,752)
Present value of minimum lease payments	$ 542,346

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%	$ 245,426

Loans payable debt service requirements to maturity are as follows:

	Governmental Activities	
	Principal	Interest
Year ending June 30:		
2018	$ 54,798	$ 10,147
2019	57,058	7,887
2020	59,412	5,533
2021	61,862	3,082
2022	12,296	567
	$ 245,426	$ 27,216

D. 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, 2017. 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 by Department of Public Health in the form of subsequent Grant-in-Aid payments to the Department.

E. Changes in Long-Term Liabilities

Primary Government

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Governmental activities:					
Capital leases	$ 639,297		$ 96,951	$ 542,346	$ 101,308
Note payable	298,075		52,649	245,426	54,798
Accrued compensated absences	182,151	$ 153,416	152,029	183,538	84,358
Landfill postclosure costs	641,390		13,810	627,580	
Governmental activity long-term liabilities	$ 1,760,913	$ 153,416	$ 315,439	$ 1,598,890	$ 240,464

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Business-type activities:					
Accrued compensated absences	$ 18,930	$ 17,094	$ 14,911	$ 21,113	$ 8,677
Revenue bonds payable	1,676,399		59,287	1,617,112	62,835
Business-type activity long-term liabilities	$ 1,695,329	$ 17,094	$ 74,198	$ 1,638,225	$ 71,512

Discretely Presented Component Units

Long-term liability activity for the year ended June 30, 2017 for the Talbot County Department of Public Health was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Compensated absences	$ 11,457	$ 2,769	$ 11,457	$ 2,769	$ 2,769

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2017, the County interfund balances due to/from are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Proprietary Fund	$ 369,666
TIA	General Fund	24,427
		$ 394,093

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments to supplement operations outstanding at year end and other miscellaneous receivables/payables between funds. The amount not expected to be repaid within one year is $309,666.

Interfund transfers for the year ending June 30, 2017 consisted of the following:

	Transfer In	
	General Fund	Totals
Transfer out		
TIA Fund	$ 41,445	$ 41,445

Interfund transfers were made for the purpose of moving grant proceeds to the fund which paid the expenditures.

6. PENSION PLAN AND OTHER RETIREMENT BENEFITS

Primary Government

A. Pension Plan

Effective July 1, 2016, county employees are covered by the Association County Commissioners of Georgia Defined Contribution Plan Program, ACCG 401(a) Defined Contribution Plan for Talbot County Employees. This plan covers full time employees whom work at least thirty hours of service per week for compensation. Under the plan, the County contributes 6% of participating employee's compensation. Plan provisions and contribution requirements are established and may be amended by a resolution of the Talbot County Commission. Employees will also have the option to participate in a 457(b) Eligible Deferred Compensation Plan with no matching contributions from the County.

The County's contribution for the year ended June 30, 2017 was $140,822. Total payroll for the year ended June 30, 2017 was $2,437,148.

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. Title 47 of the O.C.G.A assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

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

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 Health Department's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2017 was 24.81% of annual covered payroll for old and new plan members and

21.81% for GSEPS members. The Health Department's contribution to ERS totaled $19,035 for the year ended June 30, 2017. Contributions are expected to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

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

The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. An expected total pension liability as of June 30, 2016 was determined using standard roll-forward techniques. The Health Department's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2016. At June 30, 2016, the Health Department's proportion was .003568%, which was an increase (decrease) of (.000054)% from its proportion measured as of June 30, 2015.

For the year ended June 30,2017, the Health Department recognized pension expense of $20,506. At June 30, 2017, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 390
Changes of assumptions	1,430	-
Net difference between projected and actual earnings on pension plan investments	17,160	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,586	1,336
Employer contributions subsequent to the measurement date	19,035	-
	$ 39,211	$ 1,726

Health Department contributions subsequent to measurement date of $19,035 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	$ 2,357
2019	1,106
2020	9,252
2021	5,735
2022	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-7.00%, including inflation
Investment rate of return	7.50%, net pension plan investment expense, including inflation
Discount rate	7.50%

Post-retirement 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.

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set forward 3 years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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 nominal returns, net of pension plan investment expense and the assumed rate of 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 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%	(.50)%
Domestic large equities	37.20	9.00
Domestic mid equities	3.40	12.00
Domestic small equities	1.40	13.50
International developed market equities	17.80	8.00
International emerging market equities	5.20	12.00
Alternatives	5.00	10.50
Total	100.00%	

* Rates shown are net of the 2.75% 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 and State of Georgia 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 Health Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Health Department's proportionate share of the net pension liability, calculated using the discount rate of 7.50%, as well as what the Health Department's proportionate share of the net pension

liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Employer's proportionate share of the net pension liability	$ 228,730	$ 168,781	$ 117,693

7. 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.

8. 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, 2017, 100% of the landfill capacity had been used and the landfill has no remaining life. The $627,580 reported in the governmental activities long-term liabilities on the government-wide financials as landfill postclosure costs at June 30, 2017 represents the unpaid closure and postclosure costs based upon the most current estimate available, and there is no unrecognized liability at June 30, 2017. 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.

9. LITIGATION

Any pending law suits at June 30, 2017 are covered by insurance and should not materially affect the financial statements of Talbot County, Georgia.

10. 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, 2017 the County's cost of water purchases through this contract totaled $153,271, which included $30,623 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.

11. 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.

12. 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, 2017, the County paid $4,858 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 $14,400 to the Authority during the twelve months ended June 30, 2017. 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

13. PRIOR PERIOD ADJUSTMENTS

The Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund is restated by $197,797 pertaining to the net accounts receivable for EMS accounts being overstated at June 30, 2016. This also affects the restatement of the net position on the Statement of Activities for governmental activities.

TALBOT COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

	Special Revenue Funds						
	Grant Funds	Law Library	E911	Jail	DATE	Sheriff Drug Fund	Total Nonmajor Governmental Funds
Assets							
Cash		$ 13,482		$ 97,607	$ 44,197	$ 12,380	$ 167,666
Receivable - grant	$ 10,374						10,374
Total assets	$ 10,374	$ 13,482	$ -	$ 97,607	$ 44,197	$ 12,380	$ 178,040
Liabilities							
Accounts payable	$ 10,374						$ 10,374
Total liabilities	10,374	$ -	$ -	$ -	$ -	$ -	10,374
Fund Balances							
Restricted for:							
Law library		13,482					13,482
Jail				97,607			97,607
DATE					44,197		44,197
Sheriff drug fund						12,380	12,380
Total fund balances	-	13,482	-	97,607	44,197	12,380	167,666
Total liabilities and fund balances	$ 10,374	$ 13,482	$ -	$ 97,607	$ 44,197	$ 12,380	$ 178,040

TALBOT COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	Special Revenue Funds						
	Grant Funds	Law Library	E911	Jail	DATE	Sheriff Drug fund	Total Nonmajor Governmental Funds
Revenues:							
Charges for service			$ 1,415				$ 1,415
Fines, forfeitures, and court fees		$ 2,752		$ 12,065	$ 5,831	$ 7,077	27,725
Grant income	$ 39,812						39,812
Interest				114	41	16	171
Total revenues	39,812	2,752	1,415	12,179	5,872	7,093	69,123
Expenditures:							
Current:							
Judicial system		1,969					1,969
Planning and community development	39,812						39,812
Public safety			12,600			9,442	22,042
Capital outlay:							
Public safety				73,601		4,836	78,437
Total expenditures	39,812	1,969	12,600	73,601	-	14,278	142,260
Excess (deficiency) of revenues over (under) expenditures	-	783	(11,185)	(61,422)	5,872	(7,185)	(73,137)
Net change in fund balances	-	783	(11,185)	(61,422)	5,872	(7,185)	(73,137)
Fund balances, beginning of year	-	12,699	11,185	159,029	38,325	19,565	240,803
Fund balances, end of year	$ -	$ 13,482	$ -	$ 97,607	$ 44,197	$ 12,380	$ 167,666

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - GRANT FUNDS
Year Ended June 30, 2017

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Grants and subsidies	$ 39,812	$ 39,812	$ -
Total revenues	39,812	39,812	-
Expenditures:			
Current:			
Planning and community development	39,812	39,812	-
Total expenditures	39,812	39,812	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year		-	-
Fund balances, end of year	$ -	$ -	$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - LAW LIBRARY
Year Ended June 30, 2017

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures, and court fees	$ 2,752	$ 2,752	$ -
Total revenues	2,752	2,752	-
Expenditures:			
Current:			
Judicial system - Law library	1,969	1,969	-
Total expenditures	1,969	1,969	-
Excess (deficiency) of revenues over (under) expenditures	783	783	-
Net change in fund balances	783	783	-
Fund balances, beginning of year	12,699	12,699	-
Fund balances, end of year	$ 13,482	$ 13,482	$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - E911
Year Ended June 30, 2017

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Charges for services	$ 1,415	$ 1,415	$ -
Interest			-
Total revenues	1,415	1,415	-
Expenditures:			
Current:			
Public safety	12,600	12,600	-
Total expenditures	12,600	12,600	-
Excess (deficiency) of revenues over (under) expenditures	(11,185)	(11,185)	-
Net change in fund balances	(11,185)	(11,185)	-
Fund balances, beginning of year	11,185	11,185	-
Fund balances, end of year	$ -	$ -	$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - JAIL
Year Ended June 30, 2017

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures, and court fees	$ 12,065	$ 12,065	$ -
Interest	114	114	-
Total revenues	12,179	12,179	-
Expenditures:			
Capital outlay:			
Public safety	73,601	73,601	-
Total expenditures	73,601	73,601	-
Excess (deficiency) of revenues over (under) expenditures	(61,422)	(61,422)	-
Net change in fund balances	(61,422)	(61,422)	-
Fund balances, beginning of year	159,029	159,029	-
Fund balances, end of year	$ 97,607	$ 97,607	$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - DATE
Year Ended June 30, 2017

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures, and court fees	$ 5,831	$ 5,831	$ -
Interest	41	41	-
Total revenues	5,872	5,872	-
Expenditures:			
Current:			
Public safety			-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	5,872	5,872	-
Net change in fund balances	5,872	5,872	-
Fund balances, beginning of year	38,325	38,325	-
Fund balances, end of year	$ 44,197	$ 44,197	$ -

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, 2017

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines and forfeitures	$ 7,077	$ 7,077	$ -
Interest	16	16	-
Total revenues	7,093	7,093	-
Expenditures:			
Current:			
Public safety	9,442	9,442	-
Capital outlay:			
Public safety	4,836	4,836	-
Total expenditures	14,278	14,278	-
Excess (deficiency) of revenues over (under) expenditures	(7,185)	(7,185)	-
Net change in fund balances	(7,185)	(7,185)	-
Fund balances, beginning of year	19,565	19,565	-
Fund balances, end of year	$ 12,380	$ 12,380	$ -

TALBOT COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
TAX COMMISSIONER				
ASSETS				
Cash	$ 137,136	$ 7,477,495	$ 7,468,436	$ 146,195
Receivables, taxes	252,056	266,189	252,056	266,189
Total assets	$ 389,192	$ 7,743,684	$ 7,720,492	$ 412,384
LIABILITIES				
Due to others	$ 389,192	$ 412,384	$ 389,192	$ 412,384
CLERK SUPERIOR COURT				
ASSETS				
Cash	$ 129,173	$ 102,622	$ 84,588	$ 147,207
LIABILITIES				
Due to others	$ 129,173	$ 147,207	$ 129,173	$ 147,207
PROBATE COURT				
ASSETS				
Cash	$ 14,999	$ 185,830	$ 184,408	$ 16,421
LIABILITIES				
Due to others	$ 14,999	$ 16,421	$ 14,999	$ 16,421
MAGISTRATE COURT				
ASSETS				
Cash	$ 813	$ 26,723	$ 26,785	$ 751
LIABILITIES				
Due to others	$ 813	$ 751	$ 813	$ 751
SHERIFF				
ASSETS				
Cash	$ 1,088	$ 13,989	$ 13,989	$ 1,088
LIABILITIES				
Due to others	$ 1,088	$ 1,088	$ 1,088	$ 1,088

TALBOT COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended June 30, 2017

Project	Estimated Percent of Completion	Original Estimated Project Amount	Current Estimated Project Amount	Amount Expended Prior Years	Amount Expended Current Year
Resolution #070102:					
Recreational facilities and equipment	73%	$ 2,000,000	$ 597,853	$ 431,638	$ 1,525
Public safety facilities	92%	2,000,000	597,853	514,864	30,384
Roads, streets, and bridge purposes	107%	3,500,000	1,046,242	1,117,661	
Courthouse	90%	1,500,000	448,389	404,784	
County Commissioners annex	73%	1,000,000	298,926	217,172	
Resolution #070107:					
Roads, streets, and bridge purposes	57%	$ 1,200,000		$ 684,829	
Public safety facilities	47%	400,000		178,609	$ 9,760
Recreational facilities and equipment	30%	400,000		102,823	13,872
Courthouse	69%	1,600,000		1,109,737	
Town of Geneva	78%	100,000		77,866	
Town of Junction City	78%	100,000		77,866	
City of Talbotton	78%	100,000		77,866	
City of Woodland	78%	100,000		77,866	
Debt service				924,725	64,945
Resolution #070114:					
Jail construction	0%	$ 1,200,000			
Roads, streets, and bridge purposes	0%	800,000		$ 88	
Recreational facilities and equipment	0%	1,200,000			
Public safety facilities	0%	400,000		1,387	$ 2,615
Town of Geneva	27%	100,000		15,950	10,286
Town of Junction City	27%	100,000		15,950	10,286
City of Talbotton	27%	100,000		15,950	10,287
City of Woodland	27%	100,000		15,950	10,287

TALBOT COUNTY, GEORGIA
SOURCE AND APPLICATION OF FUNDS STATUS REPORT
COMMUNITY DEVELOPMENT BLOCK GRANT
Year Ended June 30, 2017

CDBG 14b-y-130-1-5700:

Total grant	$ 575,175
Less, total funds drawn down by recipient for the year ended:	
June 30, 2016	(153,958)
June 30, 2017	(39,812)
Program funds available for future draw down	$ 381,405
Total program funds drawn down by recipient for the year ended June 30, 2016	$ 153,958
Add, program income applicable to the year ended June 30, 2017	39,812
Total program funds drawn by recipient and program income for the year ended June 30, 2017	$ 193,770

TALBOT COUNTY, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
Year Ended June 30, 2017

Activity	Budgeted Expenditures	Year Ended June 30, 2017	Prior Years	Questioned Cost
CDBG 14b-y-130-1-5700:				
A-21A-00	$ 40,262	$ 9,000	$ 28,000	None
C-022-00	55,708			
H-14-A-01	85,045	21,172	59,676	None
H-14A-02	76,040	5,866	61,782	None
P-001-01	15,000	3,774	4,500	None
P-03J-02	17,500			
P-03K-01	149,000			
P-03K-2	136,620			
	$ 575,175	$ 39,812	$ 153,958	

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES - EMS DEPARTMENT
Year Ended June 30, 2017

Revenues:		
Charges for services	$	256,352
Total revenues		256,352
Expenditures:		
Salaries and fringe benefits		316,955
Supplies		25,391
Telephone and utilities		8,707
Repairs and maintenance		8,712
Dues and licenses		5,464
Contract labor		16,597
Miscellaneous		391
Total expenditures		382,217
Excess (deficiency) of revenues over (under) expenditures	$	(125,865)

AJK

AJK, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2017, 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 14, 2017. 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. 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 17-1 through 17-5.

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 item 17-6.

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 14, 2017

SIGNIFICANT DEFICIENCIES

17-1 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.
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.

17-2 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.

17-3 Disbursements of Payroll Withholdings

Condition and Criteria:	During our audit we noted that supplement insurance expenditures were more than the amount of payroll withholding. Also, we noted child support and bankruptcy had been disbursed twice for the month of May 2017.
Effect:	The County could be paying for the supplement insurance when the employee should have total responsibility for the premiums.
Recommendation:	County personnel should ensure payroll withholding is sufficient to cover premiums. Also a control needs to be in place to ensure child support and bankruptcy is paid only when withheld.
Response:	We concur. Payroll withholding will be adequate to cover premiums and disbursements are made only when the withholding has taken place.

17-4 Sheriff Department Cash Receipt Procedures

Condition and Criteria:	During our audit of the Sheriff department, we noted that cash receipts are not being deposited on a timely basis. We also noted that a signature stamp was used on some of the checks written during the fiscal year.
Effect:	Failure to deposit cash receipts in a timely manner could increase the risk of loss of funds due to misplacement. Allowing an employee to use the Sheriff's signature stamp could result in unauthorized disbursements.
Recommendation:	The Sheriff department should make monthly deposits in a timely manner. The Sheriff should maintain possession of his signature stamp.
Response:	We concur. Beginning in October 2017 these procedures will be put into place.

17-5 Clerk of Superior Court Timely Deposits and Disbursements

Condition and Criteria:	We noted during our audit of the Clerk of Superior Court that some receipts were not deposited in a timely manner. Also receipts were not disbursed in the month following their receipt.
Effect:	Failure to deposit cash receipts in a timely manner could increase the risk of loss of funds due to misplacement. Failure to disburse the previous month's receipt in a timely manner could result in inappropriate disbursements.
Recommendation:	Cash receipts should be deposited in a timely manner, at least by the end of the month. Receipts should be disbursed in the month following their receipt.
Response:	We concur. Beginning in October 2017 these procedures will be put into place.

COMPLIANCE

17-6 Clerk of Superior Court Restitution Disbursements

Condition and Criteria:	During our audit we noted that the Clerk of Superior Court had restitution and related fees collected that had not been paid out to restitution recipients or victims and appropriate agencies.
Effect:	Failure to remit these funds in a timely manner is a violation of laws and regulations and causes the clerk's bank accounts to accumulate funds.
Recommendation:	Restitution and related fees should be remitted each month as required by laws and regulations. If the payee cannot be located, a list of those funds should be maintained and turned over to the State at the appropriate time.
Response:	We concur. The Clerk will research how the funds have been receipted and disburse funds to the appropriate person or agency.