

BANKS COUNTY
HOMER, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**BANKS COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

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**BANKS COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
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INDEPENDENT AUDITOR'S REPORT

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Georgia Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

November 6, 2015

Honorable Chairman and Members
of the Board of Commissioners
Banks County, Georgia

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 the Banks County, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Banks County Health Department, a component unit of Banks County, Georgia. 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 the Banks County Health Department, 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 of 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 and the aggregate remaining fund information of Banks County, Georgia as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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. Accounting principles generally accepted in the United States of America also requires that the Budget Comparison Schedule and the Schedule of Funding Progress on pages 47-50 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

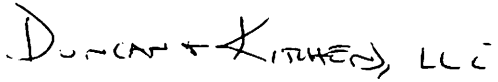
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Banks County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and supplemental budgetary comparison schedules, and state reporting section with the special purpose local option sales report are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the supplemental budgetary comparison schedules, and the state reporting section with the special purpose local option sales tax report are the responsibility of management and were derived from and relate directly to the underlying accounting and other record used to prepare the basic financial statements. Such information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual financial statements and schedules, and the state reporting section with special purpose local option sales tax report are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2015 on our consideration of the Banks County, Georgia's internal control over financial reporting and 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 the 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 Banks County's internal control over financial reporting.

Handwritten signature of Duncan & Kitchens, LLC in black ink.

Duncan & Kitchens, LLC
Certified Public Accountants
Clarkesville, Georgia

BASIC FINANCIAL STATEMENTS

**BANKS COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2015**

EXHIBIT 1

| | PRIMARY GOVERNMENT | | | COMPONENT UNITS | |
|--------------------------------------|----------------------------|-----------------------------|----------------------|----------------------------------|-----------------------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | INDUSTRIAL BUILDING AUTHORITY | BANKS COUNTY HEALTH DEPARTMENT |
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash | \$ 10,641,112 | \$ 1,817,900 | \$ 12,459,012 | \$ | \$ 282,358 |
| Receivables | | | | | |
| Taxes | 476,901 | | 476,901 | | |
| Accounts | 997,395 | 135,810 | 1,133,205 | | 35,568 |
| Intergovernmental Receivable | 86,592 | (86,592) | | | |
| Prepaid Expenses | 91,259 | 23,429 | 114,688 | | |
| Restricted Assets | | | | | |
| Cash | 10,093,108 | | 10,093,108 | | |
| Receivables-SPLOST | 508,011 | | 508,011 | | |
| Total Current Assets | <u>22,894,378</u> | <u>1,890,547</u> | <u>24,784,925</u> | | <u>317,926</u> |
| Noncurrent Assets | | | | | |
| Land - Non Depreciable | 125,375 | 3,133,384 | 3,258,759 | | |
| Depreciable Assets, Net | <u>16,324,087</u> | <u>26,697,517</u> | <u>43,021,604</u> | <u>1,124,440</u> | |
| Total Noncurrent Assets | <u>16,449,462</u> | <u>29,830,901</u> | <u>46,280,363</u> | <u>1,124,440</u> | |
| TOTAL ASSETS | <u>\$ 39,343,840</u> | <u>\$ 31,721,448</u> | <u>\$ 71,065,288</u> | <u>\$ 1,124,440</u> | <u>\$ 317,926</u> |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Payables | \$ | \$ | \$ | \$ | \$ 16,812 |
| Accounts | 231,831 | 146,677 | 378,508 | | |
| Intergovernmental | 54,696 | | 54,696 | | |
| Accrued Payroll | 153,709 | | 153,709 | | |
| Payroll Taxes Payable | 63,339 | | 63,339 | | |
| Accrued Vacation | | | | | 30,668 |
| Lease Payable - Current | 90,947 | | 90,947 | | |
| Current Portion of Long-Term Debt | | 149,564 | 149,564 | | |
| Total Current Liabilities | <u>594,522</u> | <u>296,241</u> | <u>890,763</u> | | <u>47,480</u> |
| Noncurrent Liabilities | | | | | |
| Net Pension Liability | 53,413 | | 53,413 | | 251,666 |
| Lease Payable | 718,148 | | 718,148 | | |
| Water Meter Deposits | | 197,415 | 197,415 | | |
| Notes Payable | | 2,370,400 | 2,370,400 | | |
| Total Noncurrent Liabilities | <u>771,561</u> | <u>2,567,815</u> | <u>3,339,376</u> | | <u>251,666</u> |
| TOTAL LIABILITIES | <u>1,366,083</u> | <u>2,864,056</u> | <u>4,230,139</u> | | <u>299,146</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Inflows of resources (net) | | | | | <u>39,294</u> |

The accompanying notes are an integral part of this statement.

BANKS COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2015

| | PRIMARY GOVERNMENT | | | COMPONENT UNITS | |
|----------------------------------|----------------------------|-----------------------------|----------------------|----------------------------------|-----------------------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | INDUSTRIAL BUILDING AUTHORITY | BANKS COUNTY HEALTH DEPARTMENT |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | \$ 15,640,367 | \$ 27,310,937 | \$ 42,951,304 | \$ 1,124,440 | \$ |
| Restricted for: | | | | | |
| Capital Outlay Projects | 6,016,346 | | 6,016,346 | | |
| Judicial Programs | 88,572 | | 88,572 | | |
| Public Safety Programs | 67,156 | | 67,156 | | |
| Health and Welfare Programs | 2,343 | | 2,343 | | |
| Unrestricted | 16,162,973 | 1,546,455 | 17,709,428 | | (20,514) |
| TOTAL NET POSITION | \$ 37,977,757 | \$ 28,857,392 | \$ 66,835,149 | \$ 1,124,440 | \$ (20,514) |

The accompanying notes are an integral part of this statement.

**BANKS COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT 2

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|-------------------------------|--------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component Units | |
| | | | | | Governmental Activities | Business-type Activities | Total | Industrial Building Authority | Banks County Health Department |
| Primary Government | | | | | | | | | |
| Governmental Activities | | | | | | | | | |
| General Government | \$ 2,464,009 | \$ 1,597,694 | \$ | \$ | \$ (866,315) | \$ | \$ (866,315) | \$ | \$ |
| Judicial | 917,811 | 358,708 | | | (559,103) | | (559,103) | | |
| Public Safety | 6,394,927 | 728,020 | | | (5,666,907) | | (5,666,907) | | |
| Public Works | 2,725,275 | | | 323,466 | (2,401,809) | | (2,401,809) | | |
| Health and Welfare | 192,842 | | | | (192,842) | | (192,842) | | |
| Culture and Recreation | 781,543 | 53,215 | | | (728,328) | | (728,328) | | |
| Housing and Development | 191,310 | | | | (191,310) | | (191,310) | | |
| Law Library | 12,885 | | | | (12,885) | | (12,885) | | |
| Family Connections | 24,068 | | 31,641 | | 7,573 | | 7,573 | | |
| Transportation | 76,255 | | 18,455 | | (57,800) | | (57,800) | | |
| Tourism and Promotion | 207,702 | | | | (207,702) | | (207,702) | | |
| Interest and Fiscal Charges | 27,338 | | | | (27,338) | | (27,338) | | |
| Other | 327,245 | | | | (327,245) | | (327,245) | | |
| Total Governmental Activities | 14,343,210 | 2,737,637 | 50,096 | 323,466 | (11,232,011) | | (11,232,011) | | |
| Business-type Activities | | | | | | | | | |
| Public Utilities | 2,467,261 | 1,619,288 | | 368,023 | | (479,950) | (479,950) | | |
| Development Authority | 124,581 | 223,334 | | | | 98,753 | 98,753 | | |
| Total Business-type Activities | 2,591,842 | 1,842,622 | | 368,023 | | (381,197) | (381,197) | | |
| Total Primary Government | \$ 16,935,052 | \$ 4,580,259 | \$ 50,096 | \$ 691,489 | (11,232,011) | (381,197) | (11,613,208) | | |
| Component Units: | | | | | | | | | |
| Industrial Building Authority | \$ 37,482 | \$ | \$ | \$ | | | | (37,482) | |
| Banks County Health Department | 502,514 | 144,707 | 257,067 | | | | | | (100,740) |
| Total Component Units | \$ 539,996 | \$ 144,707 | \$ 257,067 | \$ | \$ | \$ | \$ | \$ (37,482) | \$ (100,740) |
| General Revenues: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Property | | | | | \$ 5,103,464 | \$ | \$ 5,103,464 | | |
| Local Option Sales Tax | | | | | 2,573,364 | | 2,573,364 | | |
| Special Purpose Local Option Sales Tax | | | | | 3,127,748 | | 3,127,748 | | |
| Beverage | | | | | 206,880 | | 206,880 | | |
| Other | | | | | 1,308,840 | | 1,308,840 | | |
| Gain (Loss) on Sale of Capital Assets | | | | | (14,999) | 240,000 | 225,001 | | |
| Payments from Banks County | | | | | | | | | 115,000 |
| Unrestricted investment earnings | | | | | 34,716 | 11,146 | 45,862 | | |
| Transfers- Net | | | | | (276,728) | 276,728 | | | |
| Total General Revenues and Transfers | | | | | 12,063,285 | 527,874 | 12,591,159 | | 115,000 |
| Change in Net Position | | | | | 831,274 | 146,677 | 977,951 | (37,482) | 14,260 |
| Net Position - Beginning of Year (original) | | | | | 37,186,130 | 28,710,715 | 65,896,845 | 1,161,922 | 256,186 |
| Prior Period Adjustments | | | | | (39,647) | | (39,647) | | (290,960) |
| Net Position - Beginning of Year (as restated) | | | | | 37,146,483 | 28,710,715 | 65,857,198 | 1,161,922 | (34,774) |
| Net Position - End of Year | \$ 37,977,757 | \$ 28,857,392 | \$ 66,835,149 | \$ 1,124,440 | \$ | \$ | \$ | \$ | \$ (20,514) |

The accompanying notes are an integral part of this statement.

BANKS COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT 3

| | GENERAL FUND | E-911 FUND | 2012 SPLOST | 2006 SPLOST | CAPITAL FUND | NONMAJOR FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|----------------------|--------------------|---------------------|---------------------|---------------------|-------------------|--------------------------------|
| ASSETS | | | | | | | |
| Cash | \$ 10,197,518 | \$ 443,594 | \$ 4,904,823 | \$ 1,436,031 | \$ 3,626,940 | \$ 125,314 | \$ 10,641,112 |
| Restricted Cash | | | | | | | 10,093,108 |
| Receivables | | | | | | | |
| Taxes | 476,901 | | | | | | 476,901 |
| SPLOST | | | 508,011 | | | | 508,011 |
| Accounts | 997,395 | | | | | | 997,395 |
| Due From Other Funds | 4,540,306 | | | | | | 4,540,306 |
| Prepaid Items | 91,259 | | | | | | 91,259 |
| TOTAL ASSETS | <u>\$ 16,303,379</u> | <u>\$ 443,594</u> | <u>\$ 5,412,834</u> | <u>\$ 1,436,031</u> | <u>\$ 3,626,940</u> | <u>\$ 125,314</u> | <u>\$ 27,348,092</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Payables | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Accounts | 198,777 | 5,232 | | | | 27,822 | 231,831 |
| Intergovernmental | | | 54,696 | | | | 54,696 |
| Accrued Payroll | 153,709 | | | | | | 153,709 |
| Payroll Taxes Payable | 63,339 | | | | | | 63,339 |
| Due to Other Funds | 4,453,714 | | | | | | 4,453,714 |
| TOTAL LIABILITIES | <u>415,825</u> | <u>4,458,946</u> | <u>54,696</u> | | | <u>27,822</u> | <u>4,957,289</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unavailable Revenue - Property Taxes | 212,204 | | | | | | 212,204 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | <u>628,029</u> | <u>4,458,946</u> | <u>54,696</u> | | | <u>27,822</u> | <u>5,169,493</u> |
| FUND BALANCES | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid expenditure | 91,259 | | | | | | 91,259 |
| Long Term Interfund | | | | | | | |
| Receivable | 4,453,714 | | | | | | 4,453,714 |
| Restricted: | | | | | | | |
| Capital outlay projects | | | 5,358,138 | 1,436,031 | | | 6,794,169 |
| Judicial programs | | | | | | 89,356 | 89,356 |
| Public safety programs | | | | | | 24,786 | 24,786 |
| Public Works | | | | | | 10,935 | 10,935 |
| Committed | | | | | | | |
| Capital outlay projects | | | | | 3,626,940 | | 3,626,940 |
| Unassigned | 11,130,377 | (4,015,352) | | | | (27,585) | 7,087,440 |
| TOTAL FUND BALANCES | <u>15,675,350</u> | <u>(4,015,352)</u> | <u>5,358,138</u> | <u>1,436,031</u> | <u>3,626,940</u> | <u>97,492</u> | <u>22,178,599</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 16,303,379</u> | <u>\$ 443,594</u> | <u>\$ 5,412,834</u> | <u>\$ 1,436,031</u> | <u>\$ 3,626,940</u> | <u>\$ 125,314</u> | <u>\$ 27,348,092</u> |

The accompanying notes are an integral part of this statement.

BANKS COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

EXHIBIT 3A

Adjustments to the Statement of Net Position

| | | |
|---|--------------|----------------------|
| Fund Balance | | \$ 22,178,599 |
| Capital assets \$27,792,871, net of accumulated depreciation of (\$11,229,470) used in governmental activities are not current financial resources and therefore are not reported in the governmental funds | | 16,449,462 |
| Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the fund. These are deferred property taxes. | | 212,204 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds | | |
| Leases Payable | \$ (809,095) | |
| Pension Liability | (53,413) | <u>(862,508)</u> |
| Total Net Position of Governmental Activities (Exhibit 1) | | <u>\$ 37,977,757</u> |

The accompanying notes are an integral part of this statement.

BANKS COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | GENERAL FUND | E-911 FUND | 2012 SPLOST | 2006 SPLOST | CAPITAL FUND | NONMAJOR FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|----------------------|-----------------------|---------------------|---------------------|---------------------|-------------------|--------------------------------|
| REVENUES | | | | | | | |
| Taxes | | | | | | | |
| Property Tax | \$ 5,161,807 | \$ | \$ | \$ | \$ | \$ | \$ 5,161,807 |
| Local Option Sales Tax | 2,573,364 | | | | | | 2,573,364 |
| Special Purpose Local Option Sales Tax | | | 3,091,283 | | | | 3,091,283 |
| Beverage | 206,880 | | | | | | 206,880 |
| Other | 830,206 | | | | | 478,634 | 1,308,840 |
| License and Permits | 164,706 | | | | | | 164,706 |
| Fines & Forfeitures | 599,362 | | | | | | 599,362 |
| Grants | 323,466 | | | 25,000 | | 50,096 | 398,562 |
| Local Matching | | | | | | 31,641 | 31,641 |
| Fees | 1,451,224 | 298,496 | | | 9,047 | 140,563 | 1,899,330 |
| Interest | 20,231 | | 28,299 | 8,166 | 14,468 | 17 | 71,181 |
| Other | 17,599 | | | | | | 17,599 |
| TOTAL REVENUES | <u>11,348,845</u> | <u>298,496</u> | <u>3,119,582</u> | <u>33,166</u> | <u>23,515</u> | <u>700,951</u> | <u>15,524,555</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | 2,270,288 | | | | 33,763 | | 2,304,051 |
| Judicial | 917,811 | | | | | | 917,811 |
| Public Safety | 5,042,713 | 753,497 | | | 67,310 | 145,291 | 6,008,811 |
| Public Works | 1,693,856 | | | | 2,097 | 81 | 1,696,034 |
| Health and Welfare | 190,498 | | | | | 2,344 | 192,842 |
| Culture and Recreation | 589,194 | | | | 1,976 | | 591,170 |
| Housing and Development | 186,816 | | | | | | 186,816 |
| Law Library | | | | | | | 12,885 |
| Family Connections | | | | | | | 24,068 |
| Transportation | | | | | | | 76,255 |
| Tourism and Promotion | | | | | | 207,702 | 207,702 |
| Debt Service | | | | | | | |
| Principal Retirement | 104,360 | | | | | | 104,360 |
| Interest | 27,338 | | | | | | 27,338 |
| Capital Expenditures | | | 1,663,973 | 383,707 | | | 2,047,680 |
| Intergovernmental | | | 327,245 | | | | 327,245 |
| TOTAL EXPENDITURES | <u>11,022,874</u> | <u>753,497</u> | <u>1,991,218</u> | <u>383,707</u> | <u>105,146</u> | <u>468,626</u> | <u>14,725,068</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | | | | |
| | 325,971 | (455,001) | 1,128,364 | (350,541) | (81,631) | 232,325 | 799,487 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Loan Proceeds | 706,373 | | | | | | 706,373 |
| Surplus Property Sale | 15,204 | | | | | | 15,204 |
| Transfers from Other County Funds | 279,396 | | | | 800,000 | | 1,079,396 |
| Transfers (to) Other County Funds | (1,085,192) | | | | - | (270,932) | (1,356,124) |
| Total Other Financing Sources (Uses) | <u>(84,219)</u> | | | | <u>800,000</u> | <u>(270,932)</u> | <u>444,849</u> |
| NET CHANGE IN FUND BALANCE | | | | | | | |
| | 241,752 | (455,001) | 1,128,364 | (350,541) | 718,369 | (38,607) | 1,244,336 |
| FUND BALANCE - BEGINNING OF YEAR | <u>15,433,598</u> | <u>(3,560,351)</u> | <u>4,229,774</u> | <u>1,786,572</u> | <u>2,908,571</u> | <u>136,099</u> | <u>20,934,263</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 15,675,350</u> | <u>\$ (4,015,352)</u> | <u>\$ 5,358,138</u> | <u>\$ 1,436,031</u> | <u>\$ 3,626,940</u> | <u>\$ 97,492</u> | <u>\$ 22,178,599</u> |

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

BANKS COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | |
|--|-------------------|
| Adjustments to the Statement of Activities | |
| Net Change In Fund Balance | \$ 1,244,336 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which Capital Outlays (\$1,090,851) exceeded Depreciation (\$778,116). | 291,264 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred revenue. | (58,343) |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position . | |
| Debt Principal Payments | 104,360 |
| Loss Recognized on Trade in of equipment | (30,204) |
| Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense: | |
| Cost of benefits net of employee contributions | (113,766) |
| | <u>(706,373)</u> |
| Proceeds from financing, such as capital leases, are not recognized in the statement of activities, whereas they are recognized as other financing sources in the governmental funds. | |
| Change in Net Position of Governmental Activities (Exhibit 2) | <u>\$ 831,274</u> |

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

BANKS COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

EXHIBIT 5

BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS

| | <u>PUBLIC UTILITIES</u> | <u>DEVELOPMENT AUTHORITY</u> | <u>TOTAL</u> |
|---------------------------------------|------------------------------------|---|--------------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash | \$ 1,390,942 | \$ 426,958 | \$ 1,817,900 |
| Accounts Receivable | 135,810 | | 135,810 |
| Prepaid Items | 23,429 | | 23,429 |
| Total Current Assets | <u>1,550,181</u> | <u>426,958</u> | <u>1,977,139</u> |
| Non-current Assets: | | | |
| Capital Assets | | | |
| Land | 1,337,939 | 1,795,445 | 3,133,384 |
| Depreciable Assets, Net | 25,738,087 | 959,430 | 26,697,517 |
| Total Non-current Assets | <u>27,076,026</u> | <u>2,754,875</u> | <u>29,830,901</u> |
| TOTAL ASSETS | <u>\$ 28,626,207</u> | <u>\$ 3,181,833</u> | <u>\$ 31,808,040</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | \$ 146,677 | \$ | \$ 146,677 |
| Due to General Fund | 86,592 | | 86,592 |
| Current Portion of Long-Term Notes | 149,564 | | 149,564 |
| Total Current Liabilities | <u>382,833</u> | <u></u> | <u>382,833</u> |
| Non-current Liabilities | | | |
| Customer Deposits | 197,415 | | 197,415 |
| Long-term Notes Payable | 2,370,400 | | 2,370,400 |
| Total Non-current Liabilities | <u>2,567,815</u> | <u></u> | <u>2,567,815</u> |
| TOTAL LIABILITIES | <u>2,950,648</u> | <u></u> | <u>2,950,648</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 24,556,062 | 2,754,875 | 27,310,937 |
| Unrestricted Assets | 1,119,497 | 426,958 | 1,546,455 |
| TOTAL NET POSITION | <u>25,675,559</u> | <u>3,181,833</u> | <u>28,857,392</u> |
| TOTAL LIABILITIES AND NET POSITON | <u>\$ 28,626,207</u> | <u>\$ 3,181,833</u> | <u>\$ 31,808,040</u> |

The accompanying notes are an integral part of this statement.

BANKS COUNTY, GEORGIA
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EXHIBIT 6

| | BUSINESS-TYPE ACTIVITIES | | |
|---|---------------------------------|----------------------------------|----------------------|
| | PUBLIC UTILITIES | DEVELOPMENT AUTHORITY | TOTAL |
| OPERATING REVENUES | | | |
| Charges for Service | \$ 1,619,288 | \$ 223,334 | \$ 1,842,622 |
| TOTAL OPERATING REVENUES | <u>1,619,288</u> | <u>223,334</u> | <u>1,842,622</u> |
| OPERATING EXPENSES | | | |
| Salaries | 483,457 | 75,947 | 559,404 |
| Water Purchased | 42,670 | | 42,670 |
| Payroll Tax | 42,751 | | 42,751 |
| Training | 3,332 | | 3,332 |
| Bank Charges | 9,131 | 194 | 9,325 |
| Employee Retirement | 16,815 | | 16,815 |
| Office | 22,797 | 1,035 | 23,832 |
| Insurance | 107,286 | | 107,286 |
| Testing | 104,582 | | 104,582 |
| Engineering Services | 111,733 | 32,873 | 144,606 |
| Utilities | 188,000 | | 188,000 |
| Vehicle Expense | 53,032 | | 53,032 |
| Repairs & Maintenance | 187,195 | | 187,195 |
| Depreciation | 985,020 | | 985,020 |
| Telephone | 16,852 | | 16,852 |
| Legal | | 14,532 | 14,532 |
| Uniforms | 4,540 | | 4,540 |
| TOTAL OPERATING EXPENSES | <u>2,379,193</u> | <u>124,581</u> | <u>2,503,774</u> |
| OPERATING INCOME (LOSS) | <u>(759,905)</u> | <u>98,753</u> | <u>(661,152)</u> |
| NON-OPERATING REVENUES (EXPENSE) | | | |
| Gain on Sale of Land | | 240,000 | 240,000 |
| Interest Income | 10,088 | 1,058 | 11,146 |
| Interest Expense | (88,068) | | (88,068) |
| TOTAL NON-OPERATING REVENUE (EXPENSE) | <u>(77,980)</u> | <u>241,058</u> | <u>163,078</u> |
| NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | <u>(837,885)</u> | <u>339,811</u> | <u>(498,074)</u> |
| CAPITAL CONTRIBUTIONS | | | |
| Capital Grants | 229,957 | | 229,957 |
| Contributions | 138,066 | | 138,066 |
| TOTAL CAPITAL CONTRIBUTIONS | <u>368,023</u> | | <u>368,023</u> |
| NET INCOME (LOSS) BEFORE TRANSFERS | <u>(469,862)</u> | <u>339,811</u> | <u>(130,051)</u> |
| TRANSFERS | | | |
| Transfers In (Out) | (558,061) | 834,789 | 276,728 |
| TOTAL TRANSFERS | <u>(558,061)</u> | <u>834,789</u> | <u>276,728</u> |
| CHANGE IN NET POSITION | <u>(1,027,923)</u> | <u>1,174,600</u> | <u>146,677</u> |
| TOTAL NET POSITION - BEGINNING OF YEAR | <u>26,703,482</u> | <u>2,007,233</u> | <u>28,710,715</u> |
| TOTAL NET POSITION - END OF YEAR | <u>\$ 25,675,559</u> | <u>\$ 3,181,833</u> | <u>\$ 28,857,392</u> |

The accompanying notes are an integral part of this statement.

**BANKS COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT 7

| | BUSINESS TYPE ACTIVITIES | | |
|---|---------------------------------|----------------------------------|---------------------|
| | PUBLIC UTILITIES | DEVELOPMENT AUTHORITY | TOTAL |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from Customers | \$ 1,619,287 | \$ 223,334 | \$ 1,842,621 |
| Payments to Suppliers | (782,989) | (48,634) | (831,623) |
| Payments to Employees | (483,457) | (75,947) | (559,404) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 352,841 | 98,753 | 451,594 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfer(to) from other funds | (558,061) | 834,789 | 276,728 |
| NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES | (558,061) | 834,789 | 276,728 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Gain on Sale of Land | | 240,000 | 240,000 |
| Acquisition and Construction of Capital Assets | (166,666) | (959,430) | (1,126,096) |
| Principal Paid on Notes Payable | (144,569) | | (144,569) |
| Interest Paid On Notes Payable | (88,068) | | (88,068) |
| Proceeds from Capital Grants | 229,957 | | 229,957 |
| Capital Contributions | 138,066 | | 138,066 |
| NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES | (31,280) | (719,430) | (750,710) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest Earned | 10,088 | 1,058 | 11,146 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 10,088 | 1,058 | 11,146 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (226,412) | 215,170 | (11,242) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,617,354 | 211,788 | 1,829,142 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 1,390,942 | \$ 426,958 | \$ 1,817,900 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | | |
| Operating Income (Loss) | \$ (759,906) | \$ 98,753 | \$ (661,153) |
| Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities | | | |
| Depreciation | 985,020 | | 985,020 |
| Changes in Assets and Liabilities | | | |
| (Increase) Decrease in Accounts Receivable | (53,410) | | (53,410) |
| Increase (Decrease) in Accounts Payable | 71,677 | | 71,677 |
| Increase (Decrease) in Deposits | 109,460 | | 109,460 |
| TOTAL ADJUSTMENTS | 109,460 | | 109,460 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 352,841 | \$ 98,753 | \$ 451,594 |

The accompanying notes are an integral part of this statement.

BANKS COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2015

EXHIBIT 8

| | <u>AGENCY FUNDS</u> |
|--------------------------|-------------------------|
| ASSETS | |
| Cash | \$ 1,008,224 |
| TOTAL ASSETS | \$ <u>1,008,224</u> |
| LIABILITIES | |
| Due to Other Governments | \$ 880,024 |
| Unsettled Escrow | <u>128,200</u> |
| TOTAL LIABILITIES | \$ <u>1,008,224</u> |

The accompanying notes are an integral part of this statement.

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Narrative Profile

Banks County (the "County") is a political subdivision of the State of Georgia. The County was incorporated in 1858 and is governed by an elected board of five County Commissioners. As required by generally accepted accounting principles, these financial statements present all the fund types of the County and its component units, entities for which the County is considered to be financially accountable.

The financial statements of the County have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for the County's accounting and financial reporting policies. The more significant of the County's accounting policies are described below.

A. Financial Reporting Entity

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies taxes or issues their debt.

The County's component units are presented either as "blended" or "discretely presented". If blended, it is reported as if it were a fund of the County throughout the year. It is included at both the government-wide and fund financial reporting levels.

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

A brief description of the blended component unit follows:

Development Authority of Banks County - The Development of Banks County was created in 1986. The members of the governing board of the Authority are appointed by the Board of Commissioners of Banks County. Although the County does not have the authority to approve or modify the budget of the Authority, the County provides financial support of the Authority. The objective of the Development Authority of Banks County is to enable economic development and to foster sustainable development in the County. Financial information can be obtained at the County's offices. The Authority is reported as an Enterprise fund. The Authority does not issue separate financial statements.

The following component units are discretely presented in the reporting entity: ,

Banks County Industrial Building Authority - The Banks County Industrial Building Authority was created in 1973. The Banks County Industrial Building Authority consists of the chairman of the Banks County Commissioners, the Mayor of Homer as Ex-Officio, as well as three members appointed by the Banks County Commissioners. The Authority serves as a financial conduit for debt issued to construct the recreation

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – (Continued)

building. This Authority is reported as a component unit. The Authority does not issue separate financial statements.

Banks County Health Department – The Health Department provides health services to all citizens of Banks County. These services are offered free or at a nominal charge depending on the person's ability to pay. The County is responsible for a shared portion of the Health Department's annual operating budget. The County is also responsible for continuing the operation of the Health Department in the event of its failure.

Complete financial statements of this component unit may be obtained at the entity's administrative offices.

Banks County Health Department
Homer, Georgia 30547

B. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide 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 non-fiduciary activities of the primary government and its component units. The primary government and the discretely presented component units are presented separately with the financial statements with the focus on the primary government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Individual funds are not displayed. The statements distinguish between governmental activities, generally supported by taxes, intergovernmental revenues, and other non-exchange transactions and business-type activities, which are generally financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial position of the governmental and business type activities of the County and its discretely presented component units at year end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities, for identifiable activity of the business-type activities of the County and for each major component unit. Direct expenses are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: 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. These revenues are subject to externally imposed restrictions to these program uses.

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – (Continued)

For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which functions the revenues are *restricted*.

Taxes and other revenue sources not properly included with the program revenues are reported as general revenues of the County. The comparison between direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements – During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for Nonmajor funds. Fiduciary funds are presented by type.

Fund Accounting – The County uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds: - Governmental Funds are those through which most of the governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balance of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance. The following are the County's major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *E-911 Special Revenue Fund* is used to account for the County's share of telephone fees for the operation of the 911 emergency system.

The *2012 SPLOST Capital Projects Fund* accounts for funds received from a special local 1% sales tax restricted for construction and various capital projects.

The *2006 SPLOST Capital Projects Fund* accounts for funds received from a special local 1% sales tax restricted for construction and various capital projects.

The *Capital Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities.

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – (Continued)

Proprietary Funds: – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The County has two major proprietary funds:

The *Water and Sewer enterprise fund* accounts for the revenues and expenses related to operating and maintaining a water utility system consisting of a water supply and filtration system with storage and transmission capabilities to residents in Banks County. This fund also accounts for the revenue and expenses related to operating and maintaining a sewer utility system.

The *Development Authority enterprise fund* accounts for activities of the Banks County Development Authority, which exists to promote business development in the County.

Non-major Governmental Funds:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Fiduciary Fund Types

The *Agency Funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are used to account for assets that the County holds for others in an agency capacity.

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

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included in the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary funds types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – (Continued)

At the fund reporting level, governmental funds use the modified accrual basis of accounting and the fiduciary funds use the accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual method and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues- Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the calendar year which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current calendar year. For the County, the phrase “available for exchange transactions” means expected to be received within 60 days of year end.

Revenues – Non-exchange Transactions – Non-exchange transactions, in which the County receives value without directly giving equal value in return, includes sales tax, property taxes, grants and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the calendar year for which the taxes are levied. Revenue from grants and donations is recognized in the calendar year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, in which specific the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected before June 30, 2014 for property taxes and within 60 days for other non-exchange transactions) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales tax, special assessments and federal and state grants.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

D Assets, Liabilities and Equity

1. **Cash and Investments** - Cash and cash equivalents include amounts in demand and time deposits as well as short-term investments with a maturity date within three months of the date acquired by the County. Cash and cash equivalents are reported on the balance sheets, statements of net position and in cash flow statements.

State statutes authorize the County to invest in the following types of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government Agency
- Obligations of any corporation of the United States Government
- Prime Bankers acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund 1)
- Obligations of the other political subdivisions of the State of Georgia

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – (Continued)

2. **Receivables** – Levied property taxes are recorded as receivables and recognized as revenue in the year they become due. The levy is made on assessed valuations as of January 1, and the taxes are due on December 20 of each year.

The tax bills are mailed at least 60 days prior to the due date. The billings are considered past due 60 days after the tax billings date or December 20, whichever is later, at which time the applicable property is subject to lien, and penalties are assessed.

All trade and property tax receivables are shown net of an allowance for uncollectibles, where applicable.

3 Interfund Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (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 outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

4 Inventories and Prepaid Items

The cost of supplies is recorded as expenditure at the time the individual items are purchased. The amount of inventory on hand is insignificant and therefore not recorded.

5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditures/expenses in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

6 Capital Assets

Capital outlays are recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent that the County’s capitalization threshold is met. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, culverts, and similar items acquired subsequent to July 1, 2003) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. General infrastructure assets acquired prior to July 1, 2003 are not reported in the basic financial statements. The County capitalizes asset purchases valued at \$5,000 or more. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the Proprietary Fund are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the government-wide basis. All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings,

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – (Continued)

and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

7 *Compensated Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the government fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long term liabilities.

8 *Accrued Liabilities and Long-term Obligations*

The County reports long-term debt of governmental activities at face value in the Government-wide Statement of Net Position. Long-term debt is not reported for governmental activities in the fund financial statements. Long-term debt and other obligations financed by the proprietary fund are reported as liabilities in both the Government-wide and fund financial statements.

9 *Fund Equity*

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when the amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash like inventories and prepaid items) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the Board of Commissioners must adopt another resolution.
- ***Assigned*** – Fund balances are reported as assigned when the amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners has authorized the County's finance director to assign fund balances.
- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – (Continued)

Net Position Flow Assumptions – In order to report net position as a restricted-net position and an unrestricted-net position in the government-wide and proprietary fund financial statements, the County has established a flow assumption policy. It is the County's policy to use restricted – net position first before using unrestricted-net position.

Fund Balance Flow Assumptions - It is the County's policy to consider restricted fund balance to have been used before any of the components of unrestricted fund balance. Further, when the components of unrestricted

fund balance can be used for the same purpose, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned
-

Net Position – The net position represents the difference between assets and liabilities. The net position component “Net Investment in Capital Assets”, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt used for the acquisition, construction, or improvement of those assets. In determining the outstanding balance of any borrowing, proceeds of that debt which has not been spent is deducted. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net position is reported as restricted as described in the fund balance section above. All other assets are reported as unrestricted.

10 Operating Revenue and Expenses

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 enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund 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.

11 Interfund Activity

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/ expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

12 Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

13 Deferred Outflows/Inflows of Resources

The County implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB No. 65, *Items Previously Reported as Assets and*

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – (Continued)

Liabilities in fiscal year 2013. This implementation resulted primarily in changes to terminology and the elimination of reporting unamortized debt issuance costs (i.e., unamortized loan origination fees) as a deferred charge.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditures) until then. The County has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government 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 and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A *Budgetary Information*

The County finance director prepares a draft of the annual budget from which the Commissioners prepare a proposed budget. The County then advertises in a local newspaper giving notice regarding a public hearing in which local citizens may give their input regarding the proposed budget. The County also places a copy of the proposed budget on file for public inspection prior to actual approval. Once all of the steps have been taken, the Commissioners then formally adopt the annual, balanced budget. The legal level of control of the budget is at the department level. All appropriations lapse at year end. During the current fiscal year, there were no amendments made to the original budget.

The Commission annually adopts budgets for the General Fund of the Primary Government. All appropriations are legally controlled at the departmental level for the General Fund. The budgets are integrated into the accounting system, and the budgetary, as presented in financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditures are recorded to reserve that portion of the applicable appropriation - is not utilized by the Banks County Commissioners.

B *Excess of Expenditures over Appropriations*

During the fiscal year 2015, the Family Connections Special Revenue Fund had one item that exceeded appropriated amounts as shown in the preceding budgetary comparison statement.

| <u>Department</u> | | <u>Budget</u> | | <u>Actual</u> | | <u>Variance</u> |
|--------------------|----|---------------|----|---------------|----|-----------------|
| Family Connections | | | | | | |
| Contract Fees | \$ | 42,250 | \$ | 45,000 | \$ | (2,750) |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – (Continued)

C – Fund Deficits

The Family Connections Fund has a deficit fund balance of \$27,585 which is expected to be eliminated in the next few years.

The E-911 Special Revenue fund has a deficit fund balance of \$4,015,352. This is due to management's decision to show the transfers to E-911 from Special Revenue as an Interfund liability rather than a transfer.

NOTE 3 – DEPOSIT AND INVESTMENT RISK

Custodial Risk – Deposits

Custodial risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned. The County has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of any corporation of the United States government, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The County has no investment policy that would further limit its investment choices.

The County participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). Assets in this pool are invested in the Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines the participants shares sold and redeemed based on \$1.00 per share. Georgia Fund 1 is managed by the Georgia Office of State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 -- (Continued)

The Georgia Fund 1 is rated AAAM by Standards and Poor's. The weighted average maturity at June 30, 2014 was 46 days. At June 30, 2014, the County's balance in Georgia Fund 1 was \$3,005.

Concentration of Credit Risk

The County has no formal policy on the amount the County may invest in any one issuer.

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

NOTE 4-- DEPOSITS

At June 30, 2015 the carrying amount of the County's deposits was \$23,560,344 and the bank balance was \$23,452,544. All bank balances of deposits as of June 30, 2015 are entirely insured or collateralized with securities held by the County's agent in the County's name.

NOTE 5 -- RESTRICTED CASH

Primary Government

The County's restricted cash in the Governmental Activities on June 30, 2015 consisted of the following:

| | |
|-----------------------|---------------------|
| SPLOST | \$ 6,340,854 |
| Capital Projects Fund | <u>3,626,940</u> |
| Total Restricted Cash | <u>\$ 9,967,794</u> |

NOTE 6 - RECEIVABLES

Receivables at June 30, 2015 consisted of the following:

| | <u>Governmental Activities</u> | | <u>Enterprise Fund</u> | <u>SPLOST</u> | <u>Total</u> |
|-------------------|------------------------------------|----|----------------------------|-------------------|---------------------|
| Receivables: | | | | | |
| Taxes | \$ 476,901 | \$ | | \$ 476,901 | |
| Intergovernmental | | | | 508,011 | 508,011 |
| Accounts | <u>997,395</u> | | <u>135,810</u> | | <u>1,133,205</u> |
| Total Receivables | \$ <u>1,474,296</u> | \$ | <u>135,810</u> | \$ <u>508,011</u> | \$ <u>2,118,117</u> |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – (Continued)

The delinquent taxes receivable account represents uncollected tax levies. No allowance for uncollectible taxes has been provided as delinquent taxes are considered fully collectible.

Property taxes are assessed as of January 1, 2014 on property values. Taxes were levied on October 20, 2014 for the 2014 tax year, and were due on December 20, 2014. All unpaid taxes levied on October 20, 2014 become delinquent as of December 21, 2014. Interest and penalties accrue after December 21, 2014.

Due to the high collection rate in the Enterprise Fund, no allowance has been made for bad debts.

NOTE 7 – INTERFUND BALANCES

DUE TO - FROM OTHER FUNDS

Balances due to/from other funds at June 30, 2015, consist of the following:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|---------------------|
| Current: | | |
| General Fund | Public Utilities | \$ 86,592 |
| Noncurrent: | | |
| General Fund | E-911 Fund | \$ 4,453,714 |
| Subtotal | | <u>\$ 4,540,306</u> |

The interfund payable from the Public Utilities fund to the General Fund is for capital asset acquisition. This amount is to be repaid within the following year.

The interfund payable from the E-911 fund to the General Fund are for annual appropriations not reimbursed. This is a long term obligation that is not expected to be repaid within one year.

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – (Continued)

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires them to the fund that statute or budget requires to expend them, and 2) use restricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government –wide financial statements if the interfund transfer is within the governmental fund group or business-type group.

INTERFUND TRANSFERS

| | Major Funds | | | | Nonmajor Funds | |
|-----------------------|---------------------|---------------------|-------------------------|------------------------------|------------------------|-----------------|
| | <u>General</u> | <u>Capital Fund</u> | <u>Public Utilities</u> | <u>Development Authority</u> | <u>Hotel Motel Tax</u> | <u>Combined</u> |
| Transfer Out To: | | | | | | |
| Major Funds | | | | | | |
| General | \$ | \$ | \$ | \$ | \$ (270,932) | \$ (270,932) |
| Capital Fund | (760,000) | | (40,000) | | | (800,000) |
| Development Authority | (274,832) | | (559,957) | | | (834,789) |
| Public Utilities | (41,896) | | | | | (41,896) |
| Transfers In From: | | | | | | |
| Major Funds | | | | | | |
| General | | 760,000 | | 274,832 | | 1,034,832 |
| Capital Fund | | | | | | |
| Development Authority | | | | | | - |
| Public Utilities | | 40,000 | 41,896 | 559,957 | | 641,853 |
| Nonmajor Funds | | | | | | |
| Hotel Motel Tax | 270,932 | | | | | 270,932 |
| | <u>\$ (805,796)</u> | <u>\$ 800,000</u> | <u>\$ (558,061)</u> | <u>\$ 834,789</u> | <u>\$ (270,932)</u> | <u>\$ -</u> |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 - CHANGES IN CAPITAL ASSETS

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

| | <u>Balance 7/1/2014</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance 6/30/2015</u> |
|---|-----------------------------|-------------------|-------------------|------------------------------|
| Primary Government: | | | | |
| Capital Assets not being Depreciated | | | | |
| Land | \$ 125,375 | \$ - | \$ - | \$ 125,375 |
| Depreciable assets | | | | |
| Buildings | 13,223,204 | - | | 13,223,204 |
| Furniture & Equipment | 2,241,954 | 139,129 | - | 2,381,083 |
| Fire Equipment | 3,284,708 | - | | 3,284,708 |
| Machinery & Equipment | 4,851,912 | 935,230 | 623,385 | 5,163,757 |
| Jail | 3,741,174 | 35,760 | - | 3,776,934 |
| Recreation | 324,538 | 36,332 | - | 360,870 |
| Total depreciable assets | <u>27,667,490</u> | <u>1,146,451</u> | <u>623,385</u> | <u>28,190,556</u> |
| Less: Accumulated Depreciation | | | | |
| Buildings | (2,893,467) | (354,370) | | (3,247,837) |
| Furniture & Equipment | (369,886) | (26,362) | - | (396,248) |
| Fire Equipment | (3,284,708) | - | | (3,284,708) |
| Machinery & Equipment | (4,403,402) | (443,570) | (218,181) | (4,628,791) |
| Jail | (239,590) | (26,658) | - | (266,248) |
| Recreation | (38,411) | (4,226) | - | (42,637) |
| Total accumulated depreciation | <u>(11,229,464)</u> | <u>(855,186)</u> | <u>(218,181)</u> | <u>(11,866,469)</u> |
| Total depreciable assets, net | <u>16,438,026</u> | <u>291,265</u> | <u>405,204</u> | <u>16,324,087</u> |
| Governmental Activities capital assets, net | <u>\$ 16,563,401</u> | <u>\$ 291,265</u> | <u>\$ 405,204</u> | <u>\$ 16,449,462</u> |

Depreciation was charged to governmental functions as follows:

| | |
|-----------------------------------|-------------------|
| General Government Administration | \$ 429,304 |
| Recreation | 4,226 |
| Public Safety | <u>421,656</u> |
| Total | <u>\$ 855,186</u> |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 -- (Continued)

Business-Type Activities:

| | <u>Balance 7/1/2014</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance 6/30/2015</u> |
|--|-----------------------------|-------------------|-----------------|------------------------------|
| Business-type Activities Capital Assets not being Depreciated | | | | |
| Land | \$ 3,133,384 | \$ - | \$ - | \$ 3,133,384 |
| Depreciable assets | | | | |
| Plant | 34,435,082 | 144,012 | - | 34,579,094 |
| Furniture & Equipment | 132,842 | - | - | 132,842 |
| Road | 175,069 | 959,430 | - | 1,134,499 |
| Dam | 3,878,261 | - | - | 3,878,261 |
| Vehicles | 100,900 | 22,654 | - | 123,554 |
| Total depreciable assets | <u>38,722,154</u> | <u>1,126,096</u> | <u>-</u> | <u>39,848,250</u> |
| Less: Accumulated Depreciation | | | | |
| Plant | (10,290,634) | (842,051) | - | (11,132,685) |
| Furniture & Equipment | (96,506) | (7,356) | - | (103,862) |
| Road | (73,755) | (5,624) | - | (79,379) |
| Dam | (1,633,771) | (124,571) | - | (1,758,342) |
| Vehicles | (71,047) | (5,418) | - | (76,465) |
| Total accumulated depreciation | <u>(12,165,713)</u> | <u>(985,020)</u> | <u>-</u> | <u>(13,150,733)</u> |
| Total depreciable assets, net | <u>26,556,441</u> | <u>141,076</u> | <u>-</u> | <u>26,697,517</u> |
| Business-type Activities capital assets, net | <u>\$ 29,689,825</u> | <u>\$ 141,076</u> | <u>\$ -</u> | <u>\$ 29,830,901</u> |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 – (Continued)

Discretely Presented Component Units:

Banks County Industrial Building Authority – Activity for the fiscal year ended June 30, 2015 was as follows:

| | <u>Balance 7/1/2014</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance 6/30/2015</u> |
|---|-----------------------------|------------------------|-----------------|------------------------------|
| Banks County Industrial Building Authority | | | | |
| Depreciable assets | | | | |
| Recreation Building | 1,499,260 | - | - | 1,499,260 |
| Less: Accumulated | | | | |
| Depreciation | <u>(337,338)</u> | <u>(37,482)</u> | <u>-</u> | <u>(374,820)</u> |
| Net Depreciable Assets | <u><u>1,161,922</u></u> | <u><u>(37,482)</u></u> | <u><u>-</u></u> | <u><u>\$ 1,124,440</u></u> |

In the governmental and business-type activities, the following estimated useful lives are used to compute depreciation using the straight-line method:

| | | |
|------------------------------|------|-------|
| General Government Buildings | 40 | Years |
| Road | 40 | Years |
| Dam | 50 | Years |
| Water and Sewer System | 50 | Years |
| Utility Plant | 50 | Years |
| Machinery and Equipment | 5-20 | Years |

Net Investment in Capital Assets

| | <u>Governmental Activities</u> | <u>Enterprise Fund</u> | <u>Component Unit</u> |
|-----------------------------------|------------------------------------|-----------------------------|----------------------------|
| Net Investment in Capital Assets: | | | |
| Cost of capital assets | \$ 28,315,931 | \$ 42,981,364 | \$ 1,499,260 |
| Accumulated depreciation | <u>(11,866,469)</u> | <u>(13,150,733)</u> | <u>(374,820)</u> |
| Book value | 16,449,462 | 26,697,517 | 1,124,440 |
| Capital Related Debt | <u>(809,095)</u> | <u>(2,519,964)</u> | |
| Total | <u><u>\$ 15,640,367</u></u> | <u><u>\$ 27,310,937</u></u> | <u><u>\$ 1,124,440</u></u> |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - LONG-TERM DEBT

The following is a summary of Long-Term Debt transactions of the County for the year ended June 30, 2015:

Governmental Activities:

| | <u>Balance</u> <u>7/1/2014</u> | <u>Additions</u> | <u>Payments</u> | <u>Balance</u> <u>6/30/2015</u> | <u>Due Within</u> <u>One Year</u> |
|-------------------|-----------------------------------|-------------------|-------------------|------------------------------------|--------------------------------------|
| Obligations Under | | | | | |
| Capital Lease | \$ 582,082 | \$ 706,873 | \$ 479,860 | \$ 809,095 | \$ 90,947 |
| Pension Liability | 39,647 | 13,766 | 53,413 | 53,413 | 53,413 |
| | <u>\$ 621,729</u> | <u>\$ 720,639</u> | <u>\$ 479,860</u> | <u>\$ 862,508</u> | <u>\$ 90,947</u> |

All long-term obligations of the County's governmental funds are financed through future General Fund expendable available financial resources as they become due. The compensated absences liability has been paid from the fund from the general fund.

Business Type Activities:

| | <u>Balance</u> <u>7/1/2014</u> | <u>Additions</u> | <u>Payments</u> | <u>Balance</u> <u>6/30/2015</u> | <u>Due Within</u> <u>One Year</u> |
|---------------|-----------------------------------|------------------|-----------------|------------------------------------|--------------------------------------|
| Long Term | | | | | |
| Notes Payable | \$ 2,664,533 | \$ - | \$ 144,569 | \$ 2,519,964 | \$ 149,564 |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – (Continued)

Notes Payable – Georgia Environmental Facilities Authority

To finance the waterline extension and water tanks on Yonah Homer Road as well as phase II of the sewage expansion and spay fields located off McDonald Circle. Total amount of loan approved was \$2,394,686.80. This loan was completed June 13, 2008 and went into permanent financing. Principal and interest shall be due and payable in two hundred and forty payments of \$14,410.58 each commencing on July 1, 2008 and continuing monthly on the first day of each month thereafter. The note bears an interest rate of 3.92% per annum.

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--|---------------------|-------------------|---------------------|
| 2016 | \$ 105,858 | \$ 67,069 | \$ 172,927 |
| 2017 | 110,083 | 62,844 | 172,927 |
| 2018 | 114,477 | 58,450 | 172,927 |
| 2019 | 119,046 | 53,881 | 172,927 |
| 2020 | 123,797 | 49,130 | 172,927 |
| 2021-2025 | 697,166 | 167,468 | 864,634 |
| 2026-2028 | 488,685 | 30,095 | 518,780 |
| Totals | <u>\$ 1,759,112</u> | <u>\$ 488,937</u> | <u>\$ 2,248,049</u> |

Notes Payable – Georgia Environmental Facilities Authority

To finance the waterline extension. Total amount of loan was \$969,012.51. This loan was completed May 1, 2010 and went into permanent financing. Principal and interest shall be due and payable in two hundred and forty payments of \$4,975.84 each commencing on June 1, 2010 and continuing monthly on the first day of each month thereafter. The note bears an interest rate of 2.16% per annum.

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--|-------------------|-------------------|-------------------|
| 2016 | 43,706 | 16,052 | 59,758 |
| 2017 | 44,660 | 15,050 | 59,710 |
| 2018 | 45,634 | 14,076 | 59,710 |
| 2019 | 46,630 | 13,080 | 59,710 |
| 2020 | 47,647 | 12,063 | 59,710 |
| 2021-2025 | 254,289 | 44,262 | 298,551 |
| 2026-2030 | 278,286 | 15,288 | 293,574 |
| Totals | <u>\$ 760,852</u> | <u>\$ 129,871</u> | <u>\$ 890,723</u> |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – LEASES

Capital Leases

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreement are met.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

| <u>Year ending June 30</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| 2016 | \$ 109,516 |
| 2017 | 115,315 |
| 2018 | 115,219 |
| 2019 | <u>526,246</u> |
| Total Minimum Lease Payments | 866,296 |
| Less: amount representing interest | <u>(57,201)</u> |
| Present value of minimum lease payments | \$ <u>809,095</u> |

Caterpillar Financing.

On December 9, 2014 the County entered into a Capital Lease with Caterpillar Finance for the acquisition of two 140M2 Motor Graders, one 420F Backhoe Loader, one 924K Wheel Loader and one 305E2 CR Excavator for the Road Department. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The original amount of the lease was \$ 706,873. The lease calls for forty-eight monthly payments of \$5,799.45 and a balloon payment of \$490,476.88 due one month after final monthly payment beginning January 2, 2015. This lease has interest rate of 2.38% per annum. The asset is recorded in the General Fund. The equipment has a ten-year estimated useful life. The accumulated depreciation on this asset is \$35,319, and the current depreciation expense was \$35,319, for the fiscal year ended June 30, 2015.

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2015:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--|-------------------|------------------|-------------------|
| 2016 | \$ 49,439 | \$ 14,355 | \$ 63,794 |
| 2017 | 55,177 | 14,417 | 69,594 |
| 2018 | 56,504 | 13,089 | 69,593 |
| 2019 | <u>519,237</u> | <u>7,009</u> | <u>526,246</u> |
| Totals | \$ <u>680,357</u> | \$ <u>48,870</u> | \$ <u>729,227</u> |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – (Continued)

First Capital Equipment Leasing

On August 6, 2013 the County entered into a Capital Lease with Capital Equipment Leasing for the acquisition of a 5 Sheriff's pursuit vehicles and 1 Ford F150 Truck. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The original amount of the lease was \$ 210,000. The lease calls for twenty quarterly payments beginning October 31, 2013. This lease has interest rate of 3.4% per annum. The asset is recorded in the General Fund. The equipment has a ten-year estimated useful life. The accumulated depreciation on this asset is \$42,000, and the current depreciation expense was \$21,000, for the fiscal year ended June 30, 2015.

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2015:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------------|-------------------|-----------------|-------------------|
| 2016 | \$ 41,508 | \$ 4,213 | \$ 45,721 |
| 2017 | 42,929 | 2,793 | 45,722 |
| 2018 | 44,301 | 1,324 | 45,625 |
| Totals | <u>\$ 128,738</u> | <u>\$ 8,330</u> | <u>\$ 137,068</u> |

NOTE 11 – FUND BALANCE/NET POSITION

Additional details related to fund balances at the governmental fund level are presented below:

Nonspendable:

General Fund

| | |
|---|---------------------|
| <i>Prepaid expenditures</i> – For the amount in prepaid insurance in the general fund | \$ 91,259 |
| <i>Long-term interfund receivable</i> - For the amount due from E-911 Fund | <u>4,453,714</u> |
| | <u>\$ 4,544,973</u> |

Restricted:

2012 SPLOST Fund

| | |
|--|-----------|
| <i>Capital outlay projects</i> – For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved Referendum | 5,358,138 |
|--|-----------|

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 -- (Continued)

2006 SPLOST Fund

Capital outlay projects -- For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved Referendum 1,436,031

Nonmajor Special Revenue Funds

Judicial Programs:

Victims assistance -- Used to account for surcharges on fines and forfeitures which are used to provide victims assistance. 14,106

Juvenile Supervision -- Used to account for surcharges on fines and forfeitures which are used in juvenile supervision programs 20,890

Law Library -- To account for surcharges on fines and forfeitures which are for the operation of the County law library and other general expenditures as decided by the trustees of the library 54,360

Public Safety Programs:

Jail Fund -- To account for funds received from surcharges on fines and forfeitures restricted for operations of the County jail 5,512

Drug Surcharge Fund -- Used to account for funds collected from fines and forfeitures to be used in drug treatment and education programs 19,274

Public Works

Solar Fund - Used to account for rents received from property used for the solar power generation programs 10,935

Committed:

Capital Projects Fund

Capital outlay projects - To account for funds from state grants and transfers from the general fund for capital outlay projects \$3,626,940

NOTE 12 -- CHANGES IN BEGINNING BALANCES

Governmental Activities

A prior period adjustment has been made to record a net pension liability at June 30, 2014. This adjustment was required with the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This adjustment decreased beginning net position by \$39,647.

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 - EMPLOYEE RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

A. PLAN DESCRIPTION

The Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (the ACCG Plan), an agent multiple-employer defined benefit pension plan administered by the Government Employee Benefits Corporation of Georgia (GEBCorp). The ACCG, in its role as the Plan sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County retains the authority to amend the adoption agreement, which defines the specific operational provisions of the Plan. A separately issued financial report of the Plan may be obtained by writing GEBCorp at 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339.

Control over the operation and administration of the Plan is vested with ACCG along with custody of the Plan assets. The Plan provides that the County has no liability with respect to payments or benefits or otherwise under the plan except to pay over to ACCG such actuarially determined contributions as are required to meet minimum funding's standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after satisfaction of all liabilities, such funds shall not revert to the County but shall be allocated to employees.

Participants counts as of January 1, 2014 (the most recent actuarial valuation date) and covered compensation (based on covered earnings for the preceding year) are shown below:

| | |
|--|------------------|
| Retirees, Beneficiaries and Disables receiving benefits | 10 |
| Terminated plan participants entitled to but not yet receiving benefits | 23 |
| Active employees participating in the Plan | <u>8</u> |
| Total number of Plan Participants | <u><u>41</u></u> |
| Covered compensation for active participants | \$ 278,016 |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 -- (Continued)

B. SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS*

| | <u>2014</u> |
|--|-------------------|
| Total Pension Liability as of the beginning of year (1) | \$ 839,560 |
| Service Cost | 2,141 |
| Interest on Total Pension Liability | 62,967 |
| Plan Change | - |
| Assumption Change | - |
| Benefit Payments (Adjusted for Interest) | (49,825) |
| Experience (gain)/(loss) | - |
| Total Pension Liability as of December 31, 2014 (2) | \$ <u>854,843</u> |
| Fiduciary Net Position as of beginning of year (3) | \$ 799,913 |
| Employer Contributions | 9,804 |
| Employee Contributions (including buy back) | - |
| Net Investment Income | 58,017 |
| Benefit Payments | (48,024) |
| Employee Contribution Refunds | - |
| Administrative Expense | (2,863) |
| Other | (15,417) |
| Fiduciary Net Position as of End of Year (4) | \$ <u>801,430</u> |
| Net pension liability as of beginning of year (1)-(3) | \$ <u>39,647</u> |
| Net Pension liability as of end of year (2) - (4) | \$ <u>53,413</u> |
| Fiduciary Net Position as a % of Total Pension Liability (4)/(2) | 93.8% |
| Covered-employee payroll | \$ 278,016 |
| Net pension liability as a % of covered-employee payroll | 19.21% |

* Historical information prior to implementation of GASB 67/68 is not required.

C. NET POSITION RESTRICTED FOR PENSIONS

| | |
|--------------------------------------|-------------------|
| Fiduciary net position | \$ 801,430 |
| Deferred outflows of resources | |
| Deferred inflows of resources | |
| Net position restricted for pensions | \$ <u>801,430</u> |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – (Continued)

D. CHANGES IN NET PENSION LIABILITY

| | Total Pension Liability (TPL) (a) | Fiduciary Net Position (FNP) (b) | Net Pension Liability (a)-(b) |
|----------------------------------|--|---|--|
| Balances at December 31, 2013 | \$ 839,560 | \$ 799,913 | \$ 39,647 |
| Changes for the year: | | | |
| Service Cost | 2,141 | | 2,141 |
| Interest | 61,166 | | 61,166 |
| Liability experience (gain)/loss | | | - |
| Employer contributions | | 9,804 | (9,804) |
| Employee contributions | | | - |
| Net investment income | | 58,017 | (58,017) |
| Benefit payments | (48,024) | (48,024) | - |
| Administrative expense | | (2,863) | 2,863 |
| Other | | (15,417) | 15,417 |
| Net Changes | <u>15,283</u> | <u>1,517</u> | <u>13,766</u> |
| Balances at December 31, 2014 | \$ <u>854,843</u> | \$ <u>801,430</u> | \$ <u>53,413</u> |

E. SENSITIVITY ANALYSIS FOR THE MEASUREMENT PERIOD ENDED DECEMBER 31, 2014

| | | |
|-------------------------|-------------------|-------------------|
| Total Pension Liability | \$ 933,192 | \$ 786,257 |
| Fiduciary Net Position | \$ <u>801,430</u> | \$ <u>801,430</u> |
| Net Pension Liability | \$ 131,762 | \$ (15,173) |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – (Continued)

F. SCHEDULE OF ACCRUED LIABILITIES

1 Actuarial Present Value of Accumulated Plan Benefits as of December 31, 2014

| | | |
|---|----|---------------------|
| a. Vested | | |
| i. Retirees (and other in pay status) | \$ | 346,313 |
| ii. Deferred Vested (former employees) | | 265,120 |
| iii. Vested Active Participants | | 243,410 |
| Total | \$ | <u>854,843</u> |
| b. Nonvested | | |
| Total | \$ | <u>-</u> 854,843 |
| 2 Effect of Service Attribution and Future Salary Increases | \$ | - |
| 3 Total Pension Liability | \$ | 854,843 |
| 4 Fiduciary Net Position | \$ | 801,430 |
| 5 Net Pension Liability | \$ | 53,413 |
| 6 Fiduciary Net Position as % of Total Pension Liability (4)/(3) | | 93.8% |

G. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Investment Return: 7.50% per year
Future Salary Increases: 3.00% per year with an age based scale as follows:

| <u>Age</u> | <u>Salary Increase</u> |
|------------|------------------------|
| Under 30 | 3.0% rate plus 1.5% |
| 30-39 | 3.0% rate plus 1.0% |
| 40-49 | 3.0% rate less 0.5% |
| 50+ | 3.0% rate less 1.0% |

Future Payroll Growth:
(For level percentage compensation amortization) 5.5% per year

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – (Continued)

| Mortality: | RP-2000, Combined | | | | | | | | | | |
|-----------------------------|---|--|---------------------------|--------------|-----|--------------|-----|--------------|-----|--------|------|
| Termination: | An experience based, age age service based set of rates. | | | | | | | | | | |
| Disability: | Male rates (used for both sexes) derived from a 1977 Social Security Administration study. Incidence of disability resulting in eligibility for both disability benefits under and the Social Security probability of disability based on age. | | | | | | | | | | |
| Retirement: | <table><tr><th></th><th>Probability of Retirement</th></tr><tr><td>age 55 to 60</td><td>10%</td></tr><tr><td>age 61 to 64</td><td>20%</td></tr><tr><td>age 65 to 69</td><td>30%</td></tr><tr><td>age 70</td><td>100%</td></tr></table> | | Probability of Retirement | age 55 to 60 | 10% | age 61 to 64 | 20% | age 65 to 69 | 30% | age 70 | 100% |
| | Probability of Retirement | | | | | | | | | | |
| age 55 to 60 | 10% | | | | | | | | | | |
| age 61 to 64 | 20% | | | | | | | | | | |
| age 65 to 69 | 30% | | | | | | | | | | |
| age 70 | 100% | | | | | | | | | | |
| Administrative Expenses: | The contribution payable at the end of the Plan Year includes administrative fees set by contract between the Association County Commissioners of Georgia and GEBCorp. | | | | | | | | | | |
| Actuarial Value of Assets: | Smoothed market value with a 5-year smoothing period. | | | | | | | | | | |
| Actuarial Cost Method: | Entry Age Normal: A method under which the actuarial present of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the service over the service of the individual between entry age and assumed exit age(s). | | | | | | | | | | |
| Beneficiary: | The Plan provides either a lump-sum benefit or an annuity for a fixed period of time to the beneficiary of a deceased active or inactive participant. Therefore all participants are assumed to have a beneficiary and such beneficiary is assumed to be the same age as the participant. | | | | | | | | | | |
| Participants on Sick Leave: | Participants that are currently on sick leave, but still considered employees of the County, are included in the valuation and a liability is maintained for such participants. | | | | | | | | | | |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – (Continued)

| | |
|---|---|
| Plan Freeze with a 10-year Window Period: | Benefit accruals have been frozen as of October 31, 1997. Benefits payable to employees who are expected to retire by October 31, 2007, will be paid from this pension plan. All other benefits were determined using each employee's frozen accrued benefits as of October 31, 1997. |
|---|---|

| | |
|--------------------------------|---|
| Changes Since Prior Valuation: | 1) The investment return assumption was decreased from 7.75% to 7.5%; 2) The salary increase assumption (adjusted for a participant's age) was decreased from 5.5% to 3.0%; 3) age and service based employee termination rates were revised; 4) The mortality table was changed from 1983 GAM (sex distinct) to RP 2000; 5) retirement rates were revised; 6) funding method was changed from Projected Unit Credit to Entry Age Normal. |
|--------------------------------|---|

H. SUMMARY OF MAIN PLAN PROVISIONS FOR VALUATION PURPOSES

| | |
|------------------------------|---|
| Effective Date: | January 1, 1987. Amended October 31, 1997. Restated January 1, 2000. |
| Participant: | Any full-time employee meeting the provisions as set out in the Adoption Agreement. |
| Eligibility: | The January 1 coincident with or following the date the employee completes three years of Service. |
| Plan Year: | Period from January 1 to the next December 31, inclusive. |
| Service: | Complete years and months, from the date of employment to the date on which an employee ceases to be an employee. |
| Average Annual Compensation: | The highest average of the Participant's compensation over five consecutive plan years during the ten plan years preceding the Participant's date of retirement, or other termination, or date the Plan was frozen. |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – (Continued)

Eligibility for Benefits:

| | |
|----------------------------------|---|
| Normal Retirement | The earlier of attained age 65 and 3 years of participation, but not beyond age 70. |
| Late Retirement | Any date subsequent to Normal Retirement. |
| Early Retirement | Attained age 60, 10 years Service and 3 years plan participation. |
| Disability Retirement | Ten years of Service and deemed to be totally disabled by the Federal Social Security Administration. Payments will not begin prior to age 50. |
| Vested Termination | One hundred percent after five years of Service. |
| Pre-Retirement Death Benefit | <ul style="list-style-type: none"> i. Lump- Sum Active Participants ii. 10-Year Certain Annuity <p style="margin-left: 100px;">Terminated vested participants and participants receiving a Disability Retirement benefit and not year age 65.</p> |
| Post Retirement Death Benefit | Termination of employment due to Early, Normal or Late Retirement. Participants receiving a Disability Retirement benefit and who have attained normal retirement age are also eligible. |
| Accrued Benefit: | 1.00% of Average Annual Compensation up to \$6,600 plus 1.50% of Average Annual Compensation in excess of \$6,600 plus \$36 multiplied by Years of Service to a maximum of 35 years. |

Benefit Amounts:

| | |
|--------------------------|---|
| a. Normal Retirement | A benefit payable monthly for life equal to the Participant's Accrued Benefit at Normal Retirement. |
| b. Late Retirement | A benefit payable monthly for life equal to the Participant's Accrued Benefit at Late Retirement. |
| c. Early Retirement | A benefit payable monthly for life equal to the Participant's Accrued Benefit at Early Retirement. |
| d. Disability Retirement | A benefit payable monthly for life equal to the Participant's frozen Accrued Benefit as of October 31, 1997. |
| e. Vested Termination | A benefit payable monthly for life beginning at Normal Retirement equal to the Participant's Accrued Benefit. Participants with 10 Years of Service may elect to receive benefits at an Early Retirement date calculated in the same manner as an early retirement. |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 -- (Continued)

| | | |
|-------------------------------------|---|---|
| f. Pre-Retirement Death Benefit | i. Lump- Sum | The Beneficiary of active Participant's eligible for this benefit will receive a lump sum death benefit equal to 50 times the frozen monthly benefit based on level earnings and Service to October 31, 1997. |
| | ii. 10-Year Certain Annuity | The Beneficiary of Participant's eligible for this benefit will receive a benefit equal to 50% for the Participants frozen Accrued Benefit, payable monthly for a period of 120 months. |
| g. Post-Retirement Death Benefit | <p data-bbox="565 837 1382 1031">The beneficiary will receive a lump-sum death benefit based on the retiree's benefit payable under the normal form as follows: \$15,000 for monthly benefits of \$300 or more, \$10,000 for monthly benefits of at least \$100 but less than \$300 and \$5,000 for monthly benefits under \$100.</p> <p data-bbox="565 1073 1430 1146">The normal form of benefit is a straight line annuity. Other forms of payment are available and are actuarially equivalent to the normal form.</p> <p data-bbox="565 1188 1365 1262">No contributions are required of or permitted by Participants. The County meets all costs of the Plan.</p> <p data-bbox="565 1304 1341 1577">All benefits accruals under this plan were frozen as of October 31, 1997, except that employees retiring prior to October 31, 2007 who elect to receive a retirement benefit from the pension plan and forfeit any accumulated County contributions made on their behalf to the County's 401(a) Plan, shall have their pension plan benefit determined using years of service and average annual compensation as of their actual termination date.</p> <p data-bbox="565 1619 1390 1812">The present value of the accrued benefit was transferred to the County's 401(a) Plan, and any future pension plan benefits forfeited, for all employees with less than five years of service and a present value of less than \$3,500 as of October 31, 1997. No employees are allowed to become participants after January 1, 1997.</p> | |
| Form of Benefit: | | |
| Contributions: | | |
| Plan Freeze as of October 31, 1997: | | |
| Changes Since Prior Valuation: | <p data-bbox="565 1854 1458 1885">There have been no substantive changes since the last actuarial valuation .</p> | |

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – (Continued)

I. SUMMARY OF PLAN ASSET MATTERS AND ACCOUNTING PRINCIPLES

Summary of Significant Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains and losses on marketable securities owned by the plan.

Plan member contributions are recognized in the period in which contributions are due. County contributions are recognized when due and the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 70% equities and 30% fixed income securities on a cost basis.

Contributions

The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the minimum funding standards for state and local governmental pension plans. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish, and amend from time-to-time the contribution rates for the County and its plan participants.

Board of Trustees

The Trustees for the Association County Commissioners of Georgia (ACCG) Pension Plan and Trust oversees the administration, investment and funding of the Association County Commissioners of Georgia Retirement Program for member employers.

DEFINED CONTRIBUTION PENSION PLAN

Effective October 14, 1997, the County, by resolution, adopted the ACCG Defined Contribution Money Purchase Plan, which operates in conjunction with the Deferred Compensation Plan. There is no waiting period for employees to participate. The County adopted a graduated vesting system, as follows: 1-2 years of service, employees are not vested; after 3 years of service, employees are 50% vested; after 4 years of service, employees are 75% vested; and after 5 years of service, employees are 100% vested. The County contributes 3% of salary as a base contribution for employees. The County may change the contribution requirements by resolution.

DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employee, permits them to defer a portion of their salary

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 -- (Continued)

until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Because the assets are held in trust for the employees, they are not assets of the County and are not reported in these financial statements.

OTHER PLANS

In addition to the above pension plans, the following pension plans cover County employees but the county is not legally responsible for contributions to the pension plans. Other governmental entities are legally responsible for these contributions as well as required disclosures.

- **PROBATE JUDGES' RETIREMENT FUND OF GEORGIA**

The Probate Judge is covered under a pension plan which requires that certain sums from marriage licenses and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

- **CLERK OF SUPERIOR COURT RETIREMENT FUND**

The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

- **SHERIFF'S RETIREMENT FUND/PEACE OFFICER'S ANNUITY AND BENEFIT FUND**

The Sheriff and Sheriff's Deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

- **GEORGIA STATE EMPLOYEES' RETIREMENT SYSTEM**

The Health Department's eligible employees participate in the Georgia State Employee's Retirement System (ERS), a statewide multiple-employer public employee retirement system covering employees of local boards of health and various agencies and departments of the State of Georgia. ERS is funded through employer and employee contributions and the Health Department has no legal obligation for paying benefits.

NOTE 14- CONTINGENT LIABILITIES

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

NOTE 15 - RISK MANAGEMENT

Material estimates have been made by management about the historical cost of fixed assets and the life of depreciated fixed assets. Management has used a conservative approach on these estimates.

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other counties in the state as part of the Interlocal Risk Management Agency (IRMA) for property and liability insurance and the ACCG-Group Self-Insurance Worker's Compensation Fund (WCSIF), public entity risk pools currently operating as common

BANKS COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 15 – (Continued)

risk management and insurance programs for member local governments. The Association County Commissioners of Georgia (ACCG) administers both risk pools.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly possible, and in accordance with any coverage descriptions issued, all incidents which could results in the funds being required to pay any claim of loss. The County is also to allow the pools' agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating these losses. At June 30, 2010 the County has no losses that are probable or estimable and accordingly has not recognized any liability.

NOTE 16– GEORGIA MOUNTAIN REGIONAL COMMISSION

Banks County , in conjunction with cities and counties in the Northeast Georgia area, is a member of the Georgia Mountains Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The RC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The County Board members and municipal Board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the non-public Board member from a County. Separate financial statements can be obtained from:

Georgia Mountains Regional Commission
PO Box 2534
Gainesville, Georgia 30503

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RCs as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. (O.C.G.A. 50-8-39.1)

NOTE 17– HOTEL MOTEL TAX

The County collects a 5% hotel-motel tax and is required to spend 40% of this for promoting tourism, conventions and trade shows. Below is a summary of collections and expenditures.

| | <u>Amount</u> | <u>Percent</u> |
|-------------------|---------------|----------------|
| Collections | \$ 478,634 | 100% |
| Tourism Promotion | 207,702 | 43% |

REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)

In accordance with the Governmental Accounting Standards Board Statement No. 34,
The following information is a required part of the financial statements.

BANKS COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EXHIBIT 9

| | <u>ORIGINAL BUDGET</u> | <u>BUDGET AS AMENDED</u> | <u>ACTUAL</u> | <u>VARIANCE FROM AMENDED</u> |
|--|----------------------------|----------------------------------|----------------------|----------------------------------|
| REVENUES | | | | |
| Taxes | | | | |
| Property Tax | \$ 5,219,791 | \$ 5,219,791 | \$ 5,161,807 | \$ (57,984) |
| Local Option Sales Tax | 2,300,562 | 2,300,562 | 2,573,364 | 272,802 |
| Beverage | 196,800 | 196,800 | 206,880 | 10,080 |
| Other | 766,000 | 766,000 | 830,206 | 64,206 |
| License and Permits | 95,000 | 95,000 | 164,706 | 69,706 |
| Fines & Forfeitures | 510,000 | 510,000 | 599,362 | 89,362 |
| Intergovernmental | | | 323,466 | 323,466 |
| Fees | 1,290,000 | 1,290,000 | 1,451,224 | 161,224 |
| Interest | 50,000 | 50,000 | 20,231 | (29,769) |
| Other | 5,600 | 5,600 | 17,599 | 11,999 |
| TOTAL REVENUES | <u>10,433,753</u> | <u>10,433,753</u> | <u>11,348,845</u> | <u>915,092</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 2,343,042 | 2,343,042 | 2,270,288 | 72,754 |
| Judicial | 969,233 | 969,233 | 917,811 | 51,422 |
| Public Safety | 5,118,286 | 5,118,286 | 5,042,713 | 75,573 |
| Public Works | 1,697,188 | 1,697,188 | 1,693,856 | 3,332 |
| Health and Welfare | 240,246 | 240,246 | 190,498 | 49,748 |
| Culture and Recreation | 611,353 | 611,353 | 589,194 | 22,159 |
| Housing and Development | 218,164 | 218,164 | 186,816 | 31,348 |
| Debt Service | | | | |
| Debt Retirement | 105,000 | 105,000 | 104,360 | 640 |
| Interest | 30,000 | 30,000 | 27,338 | 2,662 |
| TOTAL EXPENDITURES | <u>11,332,512</u> | <u>11,332,512</u> | <u>11,022,874</u> | <u>309,638</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(898,759)</u> | <u>(898,759)</u> | <u>325,971</u> | <u>1,224,730</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Loan Proceeds | 764,451 | 764,451 | 706,373 | (58,078) |
| Surplus Property Sale | | | 15,205 | 15,205 |
| Transfers (To) from Other County Funds | (365,692) | (365,692) | (805,797) | (440,105) |
| Total Other Financing Sources (Uses) | <u>398,759</u> | <u>398,759</u> | <u>(84,219)</u> | <u>(482,978)</u> |
| NET CHANGE IN FUND BALANCE | (500,000) | (500,000) | 241,752 | 741,752 |
| FUND BALANCE - BEGINNING OF YEAR | <u>500,000</u> | <u>500,000</u> | <u>15,433,598</u> | <u>14,933,598</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 15,675,350</u> | <u>\$ 15,675,350</u> |

Note to the Budgetary Comparison Schedule

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

BANKS COUNTY, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
JUNE 30, 2015
(Unaudited)

EXHIBIT 10

| | FISCAL YEAR END 2015 |
|--|----------------------------|
| Total Pension Liability as of the beginning of year (1) | \$ 839,560 |
| Service Cost | 2,141 |
| Interest on Total Pension Liability | 62,967 |
| Plan Change | - |
| Assumption Change | - |
| Benefit Payments (Adjusted for Interest) | (49,825) |
| Experience (gain)/(loss) | - |
| Total Pension Liability as of December 31, 2014 (2) | \$ <u>854,843</u> |
| Fiduciary Net Position as of beginning of year (3) | \$ 799,913 |
| Employer Contributions | 9,804 |
| Employee Contributions (including buy back) | - |
| Net Investment Income | 58,017 |
| Benefit Payments | (48,024) |
| Employee Contribution Refunds | - |
| Administrative Expense | (2,863) |
| Other | (15,417) |
| Fiduciary Net Position as of End of Year (4) | \$ <u>801,430</u> |
| Net pension liability as of beginning of year (1)-(3) | \$ <u>39,647</u> |
| Net Pension liability as of end of year (2) - (4) | \$ <u>53,413</u> |
| Fiduciary Net Position as a % of Total Pension Liability (4)/(2) | 93.8% |
| Covered-employee payroll | \$ 278,016 |
| Net pension liability as a % of covered-employee payroll | 19.21% |

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is shown.

**BANKS COUNTY, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
JUNE 30, 2015
(Unaudited)**

EXHIBIT 11

| | FISCAL YEAR END 2015 |
|---|----------------------------|
| | <u>2015</u> |
| Actuarially determined contribution | \$ 9,804 |
| Contribution in relation to the actuarially determined contribution | <u>(9,804)</u> |
| Contribution deficiency (excess) | <u><u>0</u></u> |
| Covered-employee payroll | 278,016 |
| Contributions as a percentage of covered-employee payroll | 3.53% |

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is shown.

BANKS COUNTY, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

1. Valuation Date

The actuarially determined contribution rate was determined as of December 31, 2014 with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2016.

2. Methods and Assumptions Used to Determine Contributions Rates

Actuarial cost method = Entry Age Normal

Amortization method = Closed level dollar for remaining unfunded liability.

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 15 years.

Asset valuation method = Smoothed market value with a 5-year smoothing period.

Net investment rate of return = 7.5%

Projected salary increases = 4.00% per year with age based scale

Cost of living adjustments = N/A

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the Social Security Administration standard rate.

3. Changes in Benefits

There have been no substantive changes since the last actuarial valuation.

4. Changes of Assumptions

There have been no substantive changes since the last actuarial valuation.

|

OTHER SUPPLEMENTARY INFORMATION

**BANKS COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

| | SPECIAL REVENUE | | | |
|--|--------------------------------------|--------------------------------------|--|---------------------------------|
| | <u>FAMILY CONNECTIONS</u> | <u>VICTIMS ASSISTANCE</u> | <u>JUVENILE SUPERVISION</u> | <u>SOLAR PROGRAM</u> |
| ASSETS | | | | |
| Cash | \$ 237 | \$ 14,106 | \$ 20,890 | \$ 10,935 |
| TOTAL ASSETS | \$ 237 | \$ 14,106 | \$ 20,890 | \$ 10,935 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 27,822 | \$ | \$ | \$ |
| TOTAL LIABILITIES | 27,822 | | | |
| FUND BALANCE | | | | |
| Restricted: | | | | |
| Judicial programs | | 14,106 | 20,890 | |
| Public Works | | | | 10,935 |
| Public safety programs | | | | |
| Unassigned | (27,585) | | | |
| TOTAL FUND BALANCES | (27,585) | 14,106 | 20,890 | 10,935 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 237 | \$ 14,106 | \$ 20,890 | \$ 10,935 |

SCHEDULE 1

| SPECIAL REVENUE | | | |
|--------------------|----------------|-------------------|--|
| JAIL FUND | LAW LIBRARY | DRUG SURCHARGE | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
| \$ 5,512 | \$ 54,360 | \$ 19,274 | \$ 125,314 |
| \$ 5,512 | \$ 54,360 | \$ 19,274 | \$ 125,314 |
| \$ | \$ | \$ | \$ 27,822 |
| | | | 27,822 |
| | 54,360 | | 89,356 |
| | | | 10,935 |
| 5,512 | | 19,274 | 24,786 |
| | | | (27,585) |
| 5,512 | 54,360 | 19,274 | 97,492 |
| \$ 5,512 | \$ 54,360 | \$ 19,274 | \$ 125,314 |

BANKS COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

**SPECIAL
REVENUE**

| | FAMILY CONNECTIONS | VICTIMS ASSISTANCE | JUVENILE SUPERVISION FUND | PANDEMIC FLU GRANT | SOLAR GRANT | JAIL FUND |
|--|-------------------------------|-------------------------------|--|-------------------------------|------------------------|----------------------|
| REVENUES | | | | | | |
| Grants | \$ 18,455 | | | | | \$ |
| Taxes | | | | | | |
| Local Matching | | 21,777 | 612 | | 11,000 | 47,771 |
| Fees | | | | 1 | 16 | |
| Interest | | 21,777 | 612 | 1 | 11,016 | 47,771 |
| TOTAL REVENUE | <u>18,455</u> | <u>21,777</u> | <u>612</u> | <u>1</u> | <u>11,016</u> | <u>47,771</u> |
| EXPENDITURES | | | | | | |
| Tourism and Promotion | | 17,009 | | | | 60,624 |
| Law Enforcement | | | | | | |
| Law Library | | | | | | |
| Transportation System | | | | | 81 | |
| Public Works | | | | 2,344 | | |
| Public Health | | | | | | |
| Family Connections | 24,068 | | | | | |
| TOTAL EXPENDITURES | <u>24,068</u> | <u>17,009</u> | | <u>2,344</u> | <u>81</u> | <u>60,624</u> |
| EXCESS -DEFICIENCY REVENUES OVER EXPENDITURES | (5,613) | 4,768 | 612 | (2,343) | 10,935 | (12,853) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers Out: | | | | | | |
| NET CHANGES IN FUND BALANCE | <u>(5,613)</u> | <u>4,768</u> | <u>612</u> | <u>(2,343)</u> | <u>10,935</u> | <u>(12,853)</u> |
| FUND BALANCE BEGINNING OF YEAR | <u>(21,972)</u> | <u>9,338</u> | <u>20,278</u> | <u>2,343</u> | <u>0</u> | <u>18,365</u> |
| FUND BALANCE END OF YEAR | <u>\$ (27,585)</u> | <u>\$ 14,106</u> | <u>\$ 20,890</u> | <u>\$ 0</u> | <u>\$ 10,935</u> | <u>\$ 5,512</u> |

SCHEDULE 2

| SPECIAL REVENUE | | | | | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--------------------|-------------------|--------------------------|-----------------------|--|--|
| LAW LIBRARY | DRUG SURCHARGE | PUBLIC TRANSPORTATION | HOTEL MOTEL TAX | | |
| \$ | \$ | \$ | \$ | | \$ |
| 8,289 | 38,141 | 31,641 | 478,634 | | 50,096 |
| | | 31,641 | | | 478,634 |
| | | 12,973 | | | 31,641 |
| 8,289 | 38,141 | 76,255 | 478,634 | | 140,563 |
| | | | | | 17 |
| | | | | | 700,951 |
| 12,885 | 67,658 | | 207,702 | | 207,702 |
| | | | | | 145,291 |
| | | 76,255 | | | 12,885 |
| | | | | | 76,255 |
| | | | | | 81 |
| | | | | | 2,344 |
| 12,885 | 67,658 | 76,255 | 207,702 | | 24,068 |
| | | | | | 468,626 |
| (4,596) | (29,517) | | 270,932 | | 232,325 |
| (4,596) | (29,517) | | (270,932) | | (270,932) |
| | | | | | (38,607) |
| 58,956 | 48,791 | | | | 136,099 |
| \$ 54,360 | \$ 19,274 | \$ | \$ | | \$ 97,492 |

BANKS COUNTY, GEORGIA
PUBLIC TRANSPORTATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

| REVENUES | ORIGINAL AND FINAL BUDGET | ACTUAL | VARIANCE FROM BUDGET |
|--|---------------------------------|----------------------|----------------------------|
| Grants | \$ 48,151 | \$ 31,641 | \$ (16,510) |
| Local Matching | 48,152 | 31,641 | (16,511) |
| Fees | 10,700 | 12,973 | 2,273 |
| TOTAL REVENUE | <u>107,003</u> | <u>76,255</u> | <u>(30,748)</u> |
| EXPENDITURES | | | |
| Administrative | 17,480 | 17,480 | 0 |
| Transportation | <u>89,523</u> | <u>58,775</u> | <u>30,748</u> |
| TOTAL EXPENDITURES | <u>107,003</u> | <u>76,255</u> | <u>30,748</u> |
| EXCESS -DEFICIENCY REVENUES OVER EXPENDITURES | | | |
| FUND BALANCES BEGINNING OF YEAR | <u> </u> | <u> </u> | <u> </u> |
| FUND BALANCES END OF YEAR | \$ <u> </u> | \$ <u> </u> | \$ <u> </u> |

BANKS COUNTY, GEORGIA
FAMILY CONNECTIONS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

| REVENUES | ORIGINAL AND FINAL BUDGET | ACTUAL | VARIANCE FROM BUDGET |
|--|---------------------------------|--------------------|----------------------------|
| Grants | \$ 45,000 | \$ 18,455 | \$ (26,545) |
| Local Matching | | 3,158 | 3,158 |
| TOTAL REVENUE | <u>45,000</u> | <u>21,613</u> | <u>(23,387)</u> |
| EXPENDITURES | | | |
| Operating | 2,750 | 1,441 | 1,309 |
| Per Diem & Contract Fees | <u>42,250</u> | <u>45,000</u> | <u>(2,750)</u> |
| TOTAL EXPENDITURES | <u>45,000</u> | <u>46,441</u> | <u>(1,441)</u> |
| EXCESS -DEFICIENCY REVENUES OVER EXPENDITURES | | <u>(24,828)</u> | <u>(24,828)</u> |
| FUND BALANCES BEGINNING OF YEAR | | <u>(11,139)</u> | |
| FUND BALANCES END OF YEAR | | <u>\$ (35,967)</u> | |

BANKS COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2015

| ASSETS | | | | | | | | | | | |
|-----------------------|------------------|---------|-----------|---------------|------------------------|------------|----------------------|----------------|------------------|------------------|-----------------|
| | TAX COMMISSIONER | | SHERIFF | PROBATE JUDGE | FEDERAL EQUITY SHARING | | STATE EQUITY SHARING | CLERK OF COURT | MAGISTRATE COURT | PROBATION OFFICE | COMBINED TOTALS |
| Cash | \$ | 546,654 | \$ 24,090 | \$ 57,977 | \$ 35,184 | \$ 100,997 | \$ 224,083 | \$ 5,174 | \$ 14,065 | \$ 1,008,224 | |
| TOTAL ASSETS | \$ | 546,654 | \$ 24,090 | \$ 57,977 | \$ 35,184 | \$ 100,997 | \$ 224,083 | \$ 5,174 | \$ 14,065 | \$ 1,008,224 | |
| | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | |
| Accounts Payable | | | | | | | | | | | |
| Amounts Held in Trust | \$ | 541,717 | \$ 24,090 | \$ 57,977 | \$ 35,184 | \$ 100,997 | \$ 117,878 | \$ 2,181 | \$ 880,024 | | |
| Unsettled Escrow | | 4,937 | | | | | 106,205 | 2,993 | 14,065 | 128,200 | |
| TOTAL LIABILITIES | \$ | 546,654 | \$ 24,090 | \$ 57,977 | \$ 35,184 | \$ 100,997 | \$ 224,083 | \$ 5,174 | \$ 14,065 | \$ 1,008,224 | |

BANKS COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSET AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHEDULE 6

TAX COMMISSIONER

| | <u>2014</u> | <u>ADDITIONS</u> | <u>DEDUCTIONS</u> | <u>2015</u> |
|-----------------------|-------------|------------------|-------------------|-------------|
| ASSETS | | | | |
| Cash | \$ 546,654 | \$ 15,008,188 | \$ 15,179,571 | \$ 375,271 |
| TOTAL ASSETS | \$ 546,654 | \$ 15,008,188 | \$ 15,179,571 | \$ 375,271 |
| LIABILITIES | | | | |
| Amounts Held in Trust | \$ 541,717 | \$ 15,008,188 | \$ 15,179,571 | \$ 370,334 |
| Unsettled Escrow | 4,937 | | | 4,937 |
| TOTAL LIABILITIES | \$ 546,654 | \$ 15,008,188 | \$ 15,179,571 | \$ 375,271 |

SHERIFF

| | | | | |
|-----------------------|----------|------------|------------|-----------|
| ASSETS | | | | |
| Cash | \$ 9,190 | \$ 183,856 | \$ 168,956 | \$ 24,090 |
| TOTAL ASSETS | \$ 9,190 | \$ 183,856 | \$ 168,956 | \$ 24,090 |
| LIABILITIES | | | | |
| Amounts Held in Trust | \$ 9,190 | \$ 183,856 | \$ 168,956 | \$ 24,090 |
| TOTAL LIABILITIES | \$ 9,190 | \$ 183,856 | \$ 168,956 | \$ 24,090 |

PROBATE JUDGE

| | | | | |
|-----------------------|----------|------------|------------|-----------|
| ASSETS | | | | |
| Cash | \$ 5,143 | \$ 355,892 | \$ 303,058 | \$ 57,977 |
| TOTAL ASSETS | \$ 5,143 | \$ 355,892 | \$ 303,058 | \$ 57,977 |
| LIABILITIES | | | | |
| Amounts Held in Trust | \$ 5,143 | \$ 355,892 | \$ 303,058 | \$ 57,977 |
| TOTAL LIABILITIES | \$ 5,143 | \$ 355,892 | \$ 303,058 | \$ 57,977 |

FEDERAL EQUITY SHARING

| | | | | |
|-----------------------|------------|----------|------------|-----------|
| ASSETS | | | | |
| Cash | \$ 151,760 | \$ 5,400 | \$ 121,976 | \$ 35,184 |
| TOTAL ASSETS | \$ 151,760 | \$ 5,400 | \$ 121,976 | \$ 35,184 |
| LIABILITIES | | | | |
| Amounts Held in Trust | \$ 151,760 | \$ 5,400 | \$ 121,976 | \$ 35,184 |
| TOTAL LIABILITIES | \$ 151,760 | \$ 5,400 | \$ 121,976 | \$ 35,184 |

STATE EQUITY SHARING

| | | | | |
|-----------------------|-----------|------------|------------|------------|
| ASSETS | | | | |
| Cash | \$ 48,403 | \$ 209,530 | \$ 156,936 | \$ 100,997 |
| TOTAL ASSETS | \$ 48,403 | \$ 209,530 | \$ 156,936 | \$ 100,997 |
| LIABILITIES | | | | |
| Amounts Held in Trust | \$ 48,403 | \$ 209,530 | \$ 156,936 | \$ 100,997 |
| TOTAL LIABILITIES | \$ 48,403 | \$ 209,530 | \$ 156,936 | \$ 100,997 |

BANKS COUNTY
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSET AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHEDULE 6

CLERK OF COURT

| | <u>2014</u> | <u>ADDITIONS</u> | <u>DEDUCTIONS</u> | <u>2015</u> |
|-----------------------|-------------------|-------------------|---------------------|-------------------|
| ASSETS | | | | |
| Cash | \$ 552,644 | \$ 742,772 | \$ 1,071,333 | \$ 224,083 |
| TOTAL ASSETS | <u>\$ 552,644</u> | <u>\$ 742,772</u> | <u>\$ 1,071,333</u> | <u>\$ 224,083</u> |
| LIABILITIES | | | | |
| Accounts Payable | | | | |
| Amounts Held in Trust | \$ 153,239 | \$ 633,390 | \$ 668,751 | \$ 117,878 |
| Unsettled Escrow | 399,405 | 109,382 | 402,582 | 106,205 |
| TOTAL LIABILITIES | <u>\$ 552,644</u> | <u>\$ 748,690</u> | <u>\$ 700,651</u> | <u>\$ 224,083</u> |

MAGISTRATE

| | | | | |
|-----------------------|-----------------|------------------|------------------|-----------------|
| ASSETS | | | | |
| Cash | \$ 4,629 | \$ 88,099 | \$ 87,554 | \$ 5,174 |
| TOTAL ASSETS | <u>\$ 4,629</u> | <u>\$ 88,099</u> | <u>\$ 87,554</u> | <u>\$ 5,174</u> |
| LIABILITIES | | | | |
| Accounts Payable | | | | |
| Amounts Held in Trust | \$ 2,059 | \$ 48,265 | \$ 48,143 | \$ 2,181 |
| Unsettled Escrow | 2,570 | 39,834 | 39,411 | 2,993 |
| TOTAL LIABILITIES | <u>\$ 4,629</u> | <u>\$ 88,099</u> | <u>\$ 87,554</u> | <u>\$ 5,174</u> |

PROBATION OFFICE

| | | | | |
|-----------------------|------------------|------------------|------------------|------------------|
| ASSETS | | | | |
| Cash | \$ 15,708 | \$ 60,573 | \$ 62,215 | \$ 14,066 |
| TOTAL ASSETS | <u>\$ 15,708</u> | <u>\$ 60,573</u> | <u>\$ 62,215</u> | <u>\$ 14,066</u> |
| LIABILITIES | | | | |
| Accounts Payable | | | | |
| Amounts Held in Trust | \$ | \$ 0 | \$ 0 | |
| Unsettled Escrow | 15,708 | 60,573 | 62,215 | 14,066 |
| TOTAL LIABILITIES | <u>\$ 15,708</u> | <u>\$ 60,573</u> | <u>\$ 62,215</u> | <u>\$ 14,066</u> |

TOTALS

| | | | | |
|-----------------------|---------------------|----------------------|----------------------|-------------------|
| ASSETS | | | | |
| Cash | \$ 1,334,131 | \$ 16,654,310 | \$ 17,151,599 | \$ 836,842 |
| TOTAL ASSETS | <u>\$ 1,334,131</u> | <u>\$ 16,654,310</u> | <u>\$ 17,151,599</u> | <u>\$ 836,842</u> |
| LIABILITIES | | | | |
| Accounts Payable | | | | |
| Amounts Held in Trust | \$ 911,511 | \$ 16,444,521 | \$ 16,647,391 | \$ 708,641 |
| Unsettled Escrow | 422,620 | 209,789 | 504,208 | 128,201 |
| TOTAL LIABILITIES | <u>\$ 1,334,131</u> | <u>\$ 16,654,310</u> | <u>\$ 17,151,599</u> | <u>\$ 836,842</u> |

OTHER REPORTS

DUNCAN & KITCHENS, LLC

Certified Public Accountants

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Georgia Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 6, 2015

Honorable Chairman and Members
of the Board of Commissioners
Banks County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business – type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Banks County, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Banks County, Georgia's basic financial statements and have issued our report thereon dated November 6, 2015. Our report includes a reference to other auditors who audited the financial statements of the Banks County Health Department, as described in our report on Banks County, Georgia's financial statements. This report does not include the results of the other auditor's 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, we considered Banks 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 Banks County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employee, 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 significant deficiency, or 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as comment 13-1 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Banks County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Banks County, Georgia's Response to Findings

Banks County, Georgia's response to the findings identified in our audit is in the accompanying schedule of findings and questioned costs. Banks 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 them.

Purpose of this Report

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



Duncan & Kitchens, LLC
Certified Public Accountants
Clarksville, Georgia

BANKS COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Financial Statement Findings

A. Prior Year Audit Finding

Comment 13-1

Condition: County personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the County relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the County. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, future changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the auditor. This does not indicate that the Finance Director is not trained to perform the daily accounting functions, but that the County has elected as a cost benefit to outsource this expertise to their auditors. As required, we have indicated this as a significant deficiency in our letter on Internal Control and Compliance.

Criteria: Effective internal control requires that the County accept responsibility and understanding of the audited financial statements.

Effect: Failure to understand the financial statements may lead to material misstatements.

Recommendation: County personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the County's financial statements.

Management Response: Banks County management agrees with this finding and understands the requirement of AU-C 265 to issue this statement as a Significant Deficiency. All employees of the Board of Commissioners Finance Office will continue to seek training in the application of generally accepted accounting principles and in the preparation of the County's financial statements. Until such time it is financially feasible for the County finance staff to prepare the County's financial statements, the Finance Office will continue to rely on an independent auditor to prepare them.

STATE REPORTING SECTION

This section requires additional reports required by the state of Georgia.

BANKS COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHEDULE 7

2006 SPECIAL PURPOSE LOCAL OPTION SALES TAX

| <u>PROJECT</u> | <u>ORIGINAL ESTIMATED COST</u> | <u>PRIOR TOTAL</u> | <u>CURRENT TOTAL</u> | <u>ESTIMATED PERCENTAGE OF COMPLETION</u> |
|----------------------------------|--|-------------------------|--------------------------|---|
| Courthouse Annex Building | \$ 8,000,000 | \$ 7,822,671.00 | \$ 196,465 | 100.24% |
| Fire/EMS Buildings and Equipment | 158,000 | 1,063,317.00 | 148,869 | 767.21% |
| Sewage Expansion Project | 1,000,000 | 2,088,412.00 | | 208.84% |
| Roads and Bridges | 1,000,000 | 1,652,494.00 | 38,373 | 169.09% |
| City Projects | | | | |
| Homer | 950,000 | 987,579.00 | 0 | 103.96% |
| Maysville | 460,000 | 477,532.00 | 0 | 103.81% |
| Baldwin | 300,000 | 313,512.00 | 0 | 104.50% |
| Alto | 75,000 | 76,867.00 | 0 | 102.49% |
| Lula | 57,000 | 58,905.00 | 0 | 103.34% |
| | \$ <u>12,000,000</u> | \$ <u>14,541,289.00</u> | \$ <u>383,707</u> | |

BANKS COUNTY
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHEDULE 7

2012 SPECIAL PURPOSE LOCAL OPTION SALES TAX

| <u>PROJECT</u> | <u>ORIGINAL ESTIMATED COST</u> | <u>PRIOR TOTAL</u> | <u>CURRENT TOTAL</u> | <u>ESTIMATED PERCENTAGE OF COMPLETION</u> |
|--------------------------|---|-------------------------------|---------------------------------|--|
| Water/Sewer Improvements | \$ 4,470,000 | \$ 561,720 | \$ 389,929 | 21.29% |
| General Obligation Debt | 450,000 | 0 | 0 | 0.00% |
| Roads and Bridges | 4,825,500 | 30,256 | 1,062,292 | 22.64% |
| Public Safety | 1,900,000 | 0 | 185,370 | 9.76% |
| Parks and Recreation | 1,000,000 | 2,500 | 658 | 0.32% |
| Senior Center | 30,000 | 0 | 0 | 0.00% |
| Vehicles | 192,000 | 19,892 | 19,117 | 20.32% |
| Plotter Equipment | 7,500 | 0 | 6,607 | |
| City Projects | | | | |
| Maysville | 400,000 | 142,152 | 86,173 | 57.08% |
| Homer | 800,000 | 283,766 | 172,659 | 57.05% |
| Gillsville | 20,000 | 6,794 | 4,130 | 54.62% |
| Lula | 45,000 | 26,834 | 8,657 | 78.87% |
| Alto | 60,000 | 21,096 | 12,798 | 56.49% |
| Baldwin | 200,000 | 70,645 | 42,828 | 56.74% |
| | <u>\$ 14,400,000</u> | <u>\$ 1,165,655</u> | <u>\$ 1,991,218</u> | |