

BANKS COUNTY  
HOMER, GEORGIA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**BANKS COUNTY, GEORGIA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

**TABLE OF CONTENTS**

**EXHIBITS**

<b>Independent Auditor's Report</b>	<b>1-3</b>
-------------------------------------	------------

**BASIC FINANCIAL STATEMENTS**

**Government-Wide Financial Statements**

Exhibit 1	Statement of Net Position	4-5
Exhibit 2	Statement of Activities	6

**Fund Financial Statements**

**Governmental Funds Financial Statements**

Exhibit 3	Balance Sheet	7
Exhibit 3A	Reconciliation of the Balance Sheet of Governmental Funds to The Statement of Net Position	8
Exhibit 4	Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	9-10

**Proprietary Fund Financial Statements**

Exhibit 5	Statement of Net Position	11
Exhibit 6	Statement of Revenues, Expenses and Changes in Fund Net Position	12
Exhibit 7	Statement of Cash Flows	13

**Fiduciary Fund Financial Statements**

Exhibit 8	Statement of Fiduciary Assets and Liabilities	14
-----------	-----------------------------------------------	----

<b>Notes to the Financial Statements</b>	<b>15-48</b>
------------------------------------------	--------------

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Budgetary Comparison Schedules**

Exhibit 9	General Fund	49
-----------	--------------	----

**BANKS COUNTY, GEORGIA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

**TABLE OF CONTENTS**

**Pension Disclosures**

Exhibit 10	Schedule of Changes in the Net Pension Liability and Related Ratios	50
Exhibit 11	Schedule of Contributions	51
Notes	Notes to the Required Supplementary Information	52

**OTHER SUPPLEMENTARY INFORMATION**

**SCHEDULES**

**Combining Statements**

**Non-major Governmental Funds**

Schedule 1	Combining Balance Sheet	53-54
Schedule 2	Combining Statements of Revenues Expenditures and Changes in Fund Balances	55-56
Schedule 3	Budgetary Comparison Schedules – Non-major Governmental Funds Public Transportation Special Revenue Fund	57

**Agency Funds**

Schedule 5	Combining Statement of Assets and Liabilities	58
Schedule 6	Statement of Changes in Assets and Liabilities	59-60

**OTHER REPORTING SECTION**

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements performed in accordance with <i>Government Auditing Standards</i>	61-62
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	63-64
Schedule of Expenditures of Federal Awards by Grant	65
Notes to the Schedule of Expenditures of Federal Awards	66
Schedule of Findings and Questioned Costs	67-68

**BANKS COUNTY, GEORGIA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

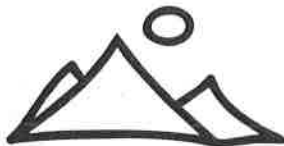
**TABLE OF CONTENTS**

**STATE REPORTING SECTION**

Schedule 7	Schedule of Projects Constructed with Special Purpose Local Option Sales Tax	69-70
------------	---------------------------------------------------------------------------------	-------

## INDEPENDENT AUDITOR'S REPORT

Joseph Duncan, CPA  
Joe Kitchens, CPA



**DUNCAN & KITCHENS, LLC**  
*Certified Public Accountants*

Members of  
American Institute and  
Georgia Society of  
Certified Public Accountants

---

**INDEPENDENT AUDITOR'S REPORT**

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 Banks County, Georgia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and 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, which represent 17 percent, 11 percent, and 78 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 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.

---

**HABERSHAM COUNTY**

P.O. Box 1330 • 327 Monroe Street, Suite D  
Clarksville, GA 30523  
Phone: 706.754.5814 • Fax: 706.754.9069

**RABUN COUNTY**

P.O. Box 1470 • 45 South Main Street  
Clayton, GA 30525  
Phone: 706.782.7022 • Fax: 706.782.6189

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, 2019, 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 49-51 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 schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financials.

The combining and individual nonmajor fund financial statements and the supplemental budgetary comparison schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 schedule of expenditures of federal awards 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 30, 2019 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 and compliance.

*Duncan & Kitchens, LLC*

Duncan & Kitchens, LLC  
Certified Public Accountants  
Clarksville, Georgia  
November 30, 2019



## BASIC FINANCIAL STATEMENTS

**BANKS COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

**EXHIBIT 1**

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	INDUSTRIAL BUILDING AUTHORITY	BANKS COUNTY HEALTH DEPARTMENT
<b>ASSETS</b>					
Current Assets					
Cash	\$ 11,933,507	\$ 3,888,324	\$ 15,821,831	\$ 55,861	\$ 548,320
Receivables					
Taxes	386,099		386,099		
Accounts	1,690,694	149,473	1,840,167		23,297
Intergovernmental Receivable	86,592	(86,592)			
Prepaid Expenses	271,616	23,429	295,045		
Restricted Assets					
Cash	9,398,641		9,398,641		
Receivables-SPLOST	563,770		563,770		
Receivables TSPLOST	350,601		350,601		
Total Current Assets	24,681,520	3,974,634	28,656,154	55,861	571,617
Noncurrent Assets					
Land - Non Depreciable	444,464	3,439,480	3,883,944		
Construction in Progress		1,216,130	1,216,130		
Depreciable Assets, Net	20,372,659	24,241,126	44,613,785	2,690,527	
Total Noncurrent Assets	20,817,123	28,896,736	49,713,859	2,690,527	
TOTAL ASSETS	45,498,643	32,871,370	78,370,013	2,746,388	571,617
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension Related Items	94,175		94,175		134,146
TOTAL ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES	\$ 45,592,818	\$ 32,871,370	\$ 78,464,188	\$ 2,746,388	\$ 705,763
<b>LIABILITIES</b>					
Current Liabilities					
Payables	\$	\$	\$	\$	\$ 13,254
Accounts	203,264	164,418	367,682		
Accrued Payroll	269,376	24,056	293,432		
Payroll Taxes Payable	117,973		117,973		
Accrued Health Insurance	108,566		108,566		
Accrued Vacation					22,799
Notes Payable - Current		214,165	214,165		
Bonds Payable - Current				74,462	
Total Current Liabilities	699,179	402,639	1,101,818	74,462	36,053
Noncurrent Liabilities					
Net Pension Liability	223,554		223,554		287,279
Net OPEB Liability					150,678
Water Meter Deposits		216,987	216,987		
Notes Payable		1,640,243	1,640,243		
Bonds Payable				1,549,856	
Total Noncurrent Liabilities	223,554	1,857,230	2,080,784	1,549,856	437,957
TOTAL LIABILITIES	922,733	2,259,869	3,182,602	1,624,318	474,010

The accompanying notes are an integral part of this statement.

**BANKS COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	INDUSTRIAL BUILDING AUTHORITY	BANKS COUNTY HEALTH DEPARTMENT
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension Related Items	39,391		39,391		89,410
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	962,124	2,259,869	3,221,993	1,624,318	563,420
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 20,817,123	\$ 27,042,328	\$ 47,859,451	\$ 1,066,209	\$
Restricted for:					
Capital Outlay Projects	2,751,160		2,751,160		
Judicial Programs	94,910		94,910		
Public Safety Programs	54,722		54,722		
Public Works	29,288		29,288		
Unrestricted	20,883,491	3,569,173	24,452,664	55,861	142,343
TOTAL NET POSITION	\$ 44,630,694	\$ 30,611,501	\$ 75,242,195	\$ 1,122,070	\$ 142,343

The accompanying notes are an integral part of this statement.

BANKS COUNTY, GEORGIA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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	\$ 3,064,827	\$ 2,672,323	\$	\$	\$ (392,504)	\$	\$ (392,504)	\$	\$
Judicial	1,051,019	773,454			(277,565)		(277,565)		
Public Safety	9,687,491	1,050,997		844,623	(7,791,871)		(7,791,871)		
Public Works	4,383,005			957,474	(3,425,531)		(3,425,531)		
Health and Welfare	264,290			306,760	42,470		42,470		
Culture and Recreation	836,900	84,486			(752,414)		(752,414)		
Housing and Development	240,921				(240,921)		(240,921)		
Law Library	11,156				(11,156)		(11,156)		
Transportation	97,289	38,081	42,730		(16,478)		(16,478)		
Tourism and Promotion	274,076				(274,076)		(274,076)		
Intergovernmental	392,501				(392,501)		(392,501)		
Interest and Fiscal Charges	1,204				(1,204)		(1,204)		
Total Governmental Activities	20,304,679	4,619,341	42,730	2,108,857	(13,533,751)		(13,533,751)		
Business-type Activities									
Public Utilities	2,835,227	2,741,574		864,851		771,198	771,198		
Development Authority	859,912	535,504		400,000		75,592	75,592		
Total Business-type Activities	3,695,139	3,277,078		1,264,851		846,790	846,790		
Total Primary Government	\$ 23,999,818	\$ 7,896,419	\$ 42,730	\$ 3,373,708	(13,533,751)	846,790	(12,686,961)		
Component Units:									
Industrial Building Authority	\$ 148,231	\$ 151,779	\$	\$				3,548	
Banks County Health Department	497,035	202,690	332,497						38,152
Total Component Units	\$ 645,266	\$ 354,469	\$ 332,497	\$	\$	\$	\$	\$ 3,548	\$ 38,152
General Revenues:									
Taxes:									
Property					\$ 5,782,857	\$	\$ 5,782,857		
Local Option Sales Tax					2,621,234		2,621,234		
Special Purpose Local Option Sales Tax					3,850,579		3,850,579		
Transportation SPLOST					1,679,130		1,679,130		
Beverage					229,786		229,786		
Other					1,775,889		1,775,889		
Payments from Banks County									120,000
Unrestricted investment earnings					58,885	6,413	65,298		
Sale of Property					26,615	752,000	778,615		
Transfers- Net					81,000	(81,000)			
Total General Revenues and Transfers					16,105,975	677,413	16,783,388		120,000
Change in Net Position					2,572,224	1,524,203	4,096,427	3,548	158,152
Net Position - Beginning of Year (Original)					42,057,479	29,087,298	71,144,777	1,118,522	(62,389)
Prior Period Adjustments					991		991		46,580
Net Position - Beginning of Year (Restated)					42,058,470	29,087,298	71,145,768	1,118,522	(15,809)
Net Position - End of Year					\$ 44,630,694	\$ 30,611,501	\$ 75,242,195	\$ 1,122,070	\$ 142,343

The accompanying notes are an integral part of this statement.

**BANKS COUNTY, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

**EXHIBIT 3**

	GENERAL FUND	E-911 FUND	2017 SPLOST	CAPITAL FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash	\$ 11,472,855	\$ 460,652	2,187,390	\$ 4,999,474	\$ 2,211,777	\$ 11,933,507
Restricted Cash						9,398,641
Receivables						
Taxes	386,099					386,099
SPLOST			563,770			563,770
TSPLOST					350,601	350,601
Accounts	1,690,694					1,690,694
Due From Other Funds	7,503,971					7,503,971
Prepaid Items	271,616					271,616
<b>TOTAL ASSETS</b>	<u>\$ 21,325,235</u>	<u>\$ 460,652</u>	<u>2,751,160</u>	<u>\$ 4,999,474</u>	<u>\$ 2,562,378</u>	<u>\$ 32,098,899</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Payables	\$	\$		\$	\$	\$
Accounts	151,919	51,345				203,264
Accrued Payroll	245,410	23,966				269,376
Health Insurance Payable	108,566					108,566
Payroll Taxes Payable	117,973					117,973
Due to Other Funds		7,417,379				7,417,379
<b>TOTAL LIABILITIES</b>	<u>623,868</u>	<u>7,492,690</u>				<u>8,116,558</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue - Property Taxes	121,768					121,768
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>745,636</u>	<u>7,492,690</u>				<u>8,238,326</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid expenditure	271,616					271,616
Long Term Interfund						
Receivable	7,503,971					7,503,971
Restricted:						
Capital outlay projects			2,751,160		2,383,458	5,134,618
Judicial programs					94,910	94,910
Public safety programs					54,722	54,722
Public Works					29,288	29,288
Assigned to:						
Capital outlay projects				4,999,474		4,999,474
Unassigned	12,804,012	(7,032,038)				5,771,974
<b>TOTAL FUND BALANCES</b>	<u>20,579,599</u>	<u>(7,032,038)</u>	<u>2,751,160</u>	<u>4,999,474</u>	<u>2,562,378</u>	<u>23,860,573</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 21,325,235</u>	<u>\$ 460,652</u>	<u>\$ 2,751,160</u>	<u>\$ 4,999,474</u>	<u>\$ 2,562,378</u>	<u>\$ 32,098,899</u>

The accompanying notes are an integral part of this statement.

**EXHIBIT 3A**

**BANKS COUNTY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	GENERAL FUND	E-911 FUND	2017 SPLOST	CAPITAL FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>						
Taxes						
Property Tax	\$ 5,817,010	\$	\$			\$ 5,817,010
Local Option Sales Tax	2,621,234					2,621,234
Special Purpose Local Option Sales Tax			3,148,054	666,679	1,679,130	3,814,733
Transportation SPLOST						1,679,130
Beverage	229,786				685,190	229,786
Other	1,088,959					1,774,149
License and Permits	125,358					125,358
Fines & Forfeitures	773,455					773,455
Grants	957,474			844,623	349,490	2,151,587
Fees	3,124,338	350,378		7,093	172,624	3,654,433
Interest	51,787		21,700	7,073	14,171	94,731
Other	4,617			46,740	16,478	67,835
<b>TOTAL REVENUES</b>	<u>14,794,018</u>	<u>350,378</u>	<u>3,169,754</u>	<u>1,572,208</u>	<u>2,917,083</u>	<u>22,803,441</u>
<b>EXPENDITURES</b>						
Current:						
General Government	2,745,629			77,517		2,823,146
Judicial	1,047,976					1,047,976
Public Safety	6,651,254	1,143,826		451,905	104,525	8,351,510
Public Works	1,978,343			300,940		2,279,283
Health and Welfare	244,085			18,684		262,769
Culture and Recreation	797,519			30,665		828,184
Housing and Development	240,921					240,921
Law Library					11,156	11,156
Transportation					97,289	97,289
Tourism and Promotion					274,076	274,076
Debt Service						
Principal Retirement	525,073					525,073
Interest	1,204					1,204
Capital Expenditures			2,230,935		1,881,052	4,111,987
Intergovernmental			392,501			392,501
<b>TOTAL EXPENDITURES</b>	<u>14,232,004</u>	<u>1,143,826</u>	<u>2,623,436</u>	<u>879,711</u>	<u>2,368,098</u>	<u>21,247,075</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>562,014</u>	<u>(793,448)</u>	<u>546,318</u>	<u>692,497</u>	<u>548,985</u>	<u>1,556,366</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from Other County Funds	419,114			460,000		879,114
Transfers (to) Other County Funds	(346,100)	(32,900)		-	(419,114)	(798,114)
Sale of Equipment	26,615					26,615
Total Other Financing Sources (Uses)	<u>99,629</u>	<u>(32,900)</u>	<u>-</u>	<u>460,000</u>	<u>(419,114)</u>	<u>107,615</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>661,643</u>	<u>(826,348)</u>	<u>546,318</u>	<u>1,152,497</u>	<u>129,871</u>	<u>1,663,981</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>19,917,956</u>	<u>(6,205,690)</u>	<u>2,204,842</u>	<u>3,846,977</u>	<u>2,432,507</u>	<u>22,196,592</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 20,579,599</u>	<u>\$ (7,032,038)</u>	<u>\$ 2,751,160</u>	<u>\$ 4,999,474</u>	<u>\$ 2,562,378</u>	<u>\$ 23,860,573</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, 2019

Adjustments to the Statement of Activities	
Net Change In Fund Balance	\$ 1,663,981
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 (\$1,817,027) exceeded Depreciation (\$1,369,273).	447,754
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.	(34,153)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	525,073
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	<u>(30,431)</u>
Change in Net Position of Governmental Activities (Exhibit 2)	<u>\$ 2,572,224</u>

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



**BANKS COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2019**

**EXHIBIT 5**

	<b><u>BUSINESS-TYPE ACTIVITIES</u></b>		
	<b><u>PUBLIC UTILITIES</u></b>	<b><u>DEVELOPMENT AUTHORITY</u></b>	<b><u>TOTAL</u></b>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 2,892,159	\$ 996,165	\$ 3,888,324
Accounts Receivable	149,473		149,473
Prepaid Items	23,429		23,429
Total Current Assets	<u>3,065,061</u>	<u>996,165</u>	<u>4,061,226</u>
Non-current Assets:			
Capital Assets			
Land	1,362,945	2,076,535	3,439,480
Construction in Progress		1,216,130	1,216,130
Depreciable Assets, Net	<u>23,131,787</u>	<u>1,109,339</u>	<u>24,241,126</u>
Total Non-current Assets	<u>24,494,732</u>	<u>4,402,004</u>	<u>28,896,736</u>
 TOTAL ASSETS	 \$ <u>27,559,793</u>	 \$ <u>5,398,169</u>	 \$ <u>32,957,962</u>
 <b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 164,418	\$	\$ 164,418
Accrued Payroll	24,056		24,056
Due to General Fund	86,592		86,592
Current Portion of Long-Term Notes	<u>214,165</u>		<u>214,165</u>
Total Current Liabilities	<u>489,231</u>		<u>489,231</u>
Non-current Liabilities			
Customer Deposits	216,987		216,987
Long-term Notes Payable	<u>1,640,243</u>		<u>1,640,243</u>
Total Non-current Liabilities	<u>1,857,230</u>		<u>1,857,230</u>
 TOTAL LIABILITIES	 <u>2,346,461</u>		 <u>2,346,461</u>
 <b>NET POSITION</b>			
Net Investment in Capital Assets	22,640,324	4,402,004	27,042,328
Unrestricted Assets	<u>2,573,008</u>	<u>996,165</u>	<u>3,569,173</u>
 TOTAL NET POSITION	 <u>25,213,332</u>	 <u>5,398,169</u>	 <u>30,611,501</u>
 TOTAL LIABILITIES AND NET POSITON	 \$ <u>27,559,793</u>	 \$ <u>5,398,169</u>	 \$ <u>32,957,962</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, 2019**

**EXHIBIT 6**

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>PUBLIC UTILITIES</b>	<b>DEVELOPMENT AUTHORITY</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>			
Charges for Service	\$ 2,741,574	\$ 535,504	\$ 3,277,078
<b>TOTAL OPERATING REVENUES</b>	<u>2,741,574</u>	<u>535,504</u>	<u>3,277,078</u>
<b>OPERATING EXPENSES</b>			
Salaries	688,681	127,272	815,953
Payroll Tax	51,360		51,360
Training	4,870		4,870
Bank Charges	19,033	15	19,048
Employee Retirement	20,362		20,362
Office	29,222		29,222
Insurance	137,486		137,486
Testing	16,884		16,884
Engineering Services	15,999	306,904	322,903
Utilities	277,479		277,479
Vehicle Expense	45,245		45,245
Supplies	236,450		236,450
Repairs & Maintenance	161,978		161,978
Depreciation	1,037,571		1,037,571
Telephone	22,876		22,876
Professional Fees	1,752	25,721	27,473
Uniforms	1,082		1,082
<b>TOTAL OPERATING EXPENSES</b>	<u>2,768,330</u>	<u>459,912</u>	<u>3,228,242</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(26,756)</u>	<u>75,592</u>	<u>48,836</u>
<b>NON-OPERATING REVENUES (EXPENSE)</b>			
Sale of Property		752,000	752,000
Grant Expenditure		(400,000)	(400,000)
Interest Income	5,636	777	6,413
Interest Expense	(66,897)		(66,897)
<b>TOTAL NON-OPERATING REVENUE (EXPENSE)</b>	<u>(61,261)</u>	<u>352,777</u>	<u>291,516</u>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(88,017)</u>	<u>428,369</u>	<u>340,352</u>
Capital Grants	53,183	400,000	453,183
Capital Contributions	811,668		811,668
Transfers In (Out)	(81,000)		(81,000)
<b>TOTAL TRANSFERS</b>	<u>783,851</u>	<u>400,000</u>	<u>1,183,851</u>
<b>CHANGE IN NET POSITION</b>	<u>695,834</u>	<u>828,369</u>	<u>1,524,203</u>
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<u>24,517,498</u>	<u>4,569,800</u>	<u>29,087,298</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 25,213,332</u>	<u>\$ 5,398,169</u>	<u>\$ 30,611,501</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, 2019**

**EXHIBIT 7**

	<b>BUSINESS TYPE ACTIVITIES</b>		
	<b>PUBLIC UTILITIES</b>	<b>DEVELOPMENT AUTHORITY</b>	<b>TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 2,741,574	\$ 535,504	\$ 3,277,078
Payments to Suppliers	(1,035,217)	(332,640)	(1,367,857)
Payments to Employees	(688,681)	(127,272)	(815,953)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,017,676</b>	<b>75,592</b>	<b>1,093,268</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfer( to) from other funds	(81,000)		(81,000)
<b>NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(81,000)</b>		<b>(81,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Grants	53,183		53,183
Capital Contributions	811,668		811,668
Acquisition and Construction of Capital Assets	(849,626)		(849,626)
Principal Paid on Notes Payable	(183,988)		(183,988)
Interest Paid On Notes Payable	(66,897)		(66,897)
Sale of Property		752,000	752,000
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(235,660)</b>	<b>752,000</b>	<b>516,340</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Earned	5,636	777	6,413
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>5,636</b>	<b>777</b>	<b>6,413</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>706,652</b>	<b>828,369</b>	<b>1,535,021</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>2,185,507</b>	<b>167,796</b>	<b>2,353,303</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 2,892,159</b>	<b>\$ 996,165</b>	<b>\$ 3,888,324</b>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (26,756)	\$ 75,592	\$ 48,836
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities			
Depreciation	1,037,571		1,037,571
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(1,709)		(1,709)
Increase (Decrease) in Accounts Payable	10,643		10,643
Increase (Decrease) in Accrued Payroll	(1,243)		
Increase (Decrease) in Deposits	(830)		(830)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 1,017,676</b>	<b>\$ 75,592</b>	<b>\$ 1,094,511</b>

The accompanying notes are an integral part of this statement.

**BANKS COUNTY, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2019**

**EXHIBIT 8**

	<u>AGENCY FUNDS</u>
<b>ASSETS</b>	
Cash	\$ 1,213,853
TOTAL ASSETS	<u>\$ 1,213,853</u>
 <b>LIABILITIES</b>	
Due to Other Governments	\$ 969,479
Unsettled Escrow	<u>244,374</u>
TOTAL LIABILITIES	<u>\$ 1,213,853</u>

The accompanying notes are an integral part of this statement.

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

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.

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 – (Continued)

- 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

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.

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 – (Continued)

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.

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.

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 – (Continued)

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 *2017 SPLOST Capital Projects Fund* accounts for funds received from a special local 1% sales tax restricted for construction and various capital projects.

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

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

***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.



BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 – (Continued)

***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.

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, which specify 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, 2018 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.

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 – (Continued)

**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

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.”

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 – (Continued)

**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, 2018, 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, 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.

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 – (Continued)

**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.

**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

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 – (Continued)

**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 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.

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 – (Continued)

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–*Fund Deficits***

The E-911 Special Revenue fund has a deficit fund balance of \$7,032,038. 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.

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 3 – (Continued)

**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.

The Georgia Fund 1 is rated AAAM by Standards and Poor's. The weighted average maturity at June 30, 2019 was 10 days. At June 30, 2019, the County's balance in Georgia Fund 1 was \$3,049,965.

**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, 2019 the carrying amount of the County's deposits was \$ 26,452,325 and the bank balance was \$ 26,692,099. All bank balances of deposits as of June 30, 2019 are entirely insured or collateralized with securities held by the County's agent in the County's name.

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 5 – RESTRICTED CASH**

Primary Government

The County's restricted cash in the Governmental Activities on June 30, 2019 consisted of the following:

SPLOST	\$ 2,187,390
Capital Projects Fund	4,999,474
Non Major Special Revenue Funds	<u>2,211,777</u>
Total Restricted Cash	<u>\$ 9,398,641</u>

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2019 consisted of the following:

	<u>Governmental Activities</u>	<u>Enterprise Fund</u>	<u>SPLOST</u>	<u>Transportation SPLOST</u>
Receivables:				
Taxes	\$ 386,099	\$	\$	\$
Intergovernmental			563,770	350,601
Accounts	<u>1,690,694</u>	<u>149,473</u>		
Total Receivables	<u>\$ 2,076,793</u>	<u>\$ 149,473</u>	<u>\$ 563,770</u>	<u>\$ 350,601</u>

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, 2018 on property values. Taxes were levied on October 20, 2018 for the 2018 tax year, and were due on December 20, 2018. All unpaid taxes levied on October 20, 2018 become delinquent as of December 21, 2018. Interest and penalties accrue after December 21, 2018.

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



BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 7 – INTERFUND BALANCES**

***DUE TO - FROM OTHER FUNDS***

Balances due to/from other funds at June 30, 2019, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Current:</b>		
General Fund	Public Utilities	\$ 86,592
<b>Noncurrent:</b>		
General Fund	E-911 Fund	\$ 7,417,379
Subtotal		<u>\$ 7,503,971</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.

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***

	<u>Major Funds</u>				<u>Nonmajor Funds</u>		<u>Combined</u>
	<u>General</u>	<u>Capital Fund</u>	<u>Public Utilities</u>	<u>E-911 Fund</u>	<u>Hotel Motel Tax</u>	<u>Solar Fund</u>	
Transfer Out To:							
<b><i>Major Funds</i></b>							
General	\$	\$	\$	\$	\$ (411,114)	\$ (8,000)	\$ (419,114)
Capital Fund		(346,100)	(81,000)	(32,900)			(460,000)
E911 Fund							-
Public Utilities							-
Transfers In From:							
<b><i>Major Funds</i></b>							
General		346,100					346,100
Capital Fund							
E-911 Fund		32,900					32,900
Public Utilities		81,000					81,000
<b><i>Nonmajor Funds</i></b>							
Hotel Motel Tax	411,114						411,114
Solar Fund	8,000						8,000
	<u>\$ 73,014</u>	<u>\$ 460,000</u>	<u>\$ (81,000)</u>	<u>\$ (32,900)</u>	<u>\$ (411,114)</u>	<u>\$ (8,000)</u>	<u>\$ -</u>

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 8 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance 7/1/2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/2019</u>
<b>Primary Government:</b>				
<b>Capital Assets not being Depreciated</b>				
Land	\$ 444,464	\$ -	\$ -	\$ 444,464
<b>Depreciable assets</b>				
Buildings	13,364,315	920,722		14,285,037
Furniture & Equipment	5,204,552	512,226	-	5,716,778
Fire Equipment	3,284,708	-		3,284,708
Machinery & Equipment	5,828,555	384,072	-	6,212,627
Jail	3,776,934	-	-	3,776,934
Recreation	3,924,787	-	-	3,924,787
Total depreciable assets	<u>35,383,851</u>	<u>1,817,020</u>	<u>-</u>	<u>37,200,871</u>
Less: Accumulated Depreciation				
Buildings	(4,069,867)	(313,317)		(4,383,184)
Furniture & Equipment	(1,270,907)	(333,377)	-	(1,604,284)
Fire Equipment	(3,284,708)	-		(3,284,708)
Machinery & Equipment	(6,042,947)	(73,361)	-	(6,116,308)
Jail	(458,718)	(539,007)	-	(997,725)
Recreation	(331,792)	(110,211)	-	(442,003)
Total accumulated depreciation	<u>(15,458,939)</u>	<u>(1,369,273)</u>	<u>-</u>	<u>(16,828,212)</u>
Total depreciable assets, net	<u>19,924,912</u>	<u>447,747</u>	<u>-</u>	<u>20,372,659</u>
Governmental Activities capital assets, net	<u>\$ 20,369,376</u>	<u>\$ 447,747</u>	<u>\$ -</u>	<u>\$ 20,817,123</u>

Depreciation was charged to governmental functions as follows:

**Primary Government**

**Governmental activities**

General Government	\$ 227,235
Public Safety	654,556
Public Works	440,496
Health and Welfare	6,986
Total depreciation expense for governmental activities	<u>\$ 1,329,273</u>

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 8 – (Continued)

**Business-Type Activities:**

	<u>Balance 7/1/2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/2019</u>
<b>Business-type Activities</b>				
<b>Capital Assets not being</b>				
<b>Depreciated</b>				
Land	\$ 3,439,480	\$ -	\$ -	\$ 3,439,480
Construction in Progress	\$ 1,216,130	\$ -		\$ 1,216,130
Total Non-depreciable Assets	<u>4,655,610</u>	<u>-</u>	<u>-</u>	<u>4,655,610</u>
<b>Depreciable assets</b>				
Plant	35,196,130	816,283	-	36,012,413
Furniture & Equipment	132,842	10,478	-	143,320
Road	1,284,408	-	-	1,284,408
Dam	3,878,261	-	-	3,878,261
Vehicles	149,996	22,865	-	172,861
Total depreciable assets	<u>40,641,637</u>	<u>849,626</u>	<u>-</u>	<u>41,491,263</u>
Less: Accumulated				
Depreciation				
Plant	(13,750,111)	(892,037)	-	(14,642,148)
Furniture & Equipment	(126,735)	(2,689)	-	(129,424)
Road	(96,860)	(5,924)	-	(102,784)
Dam	(2,145,557)	(131,217)	-	(2,276,774)
Vehicles	(93,303)	(5,704)	-	(99,007)
Total accumulated depreciation	<u>(16,212,566)</u>	<u>(1,037,571)</u>	<u>-</u>	<u>(17,250,137)</u>
Total depreciable assets, net	<u>24,429,071</u>	<u>(187,945)</u>	<u>-</u>	<u>24,241,126</u>
Business-type Activities				
capital assets, net	<u>\$ 29,084,681</u>	<u>\$ (187,945)</u>	<u>\$ -</u>	<u>\$ 28,896,736</u>

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 8 – (Continued)

**Discretely Presented Component Units:**

**Banks County Industrial Building Authority** – Activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Balance 7/1/2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/2019</u>
<b>Banks County Industrial Building Authority</b>				
Depreciable assets				
Recreation Building	\$ 1,499,260	\$ -	\$ -	\$ 1,499,260
DFACS Building	1,880,564			1,880,564
Total Depreciable Assets	<u>3,379,824</u>	<u>-</u>	<u>-</u>	<u>3,379,824</u>
Less: Accumulated				
Depreciation	(604,801)	(84,496)	-	(689,297)
Net Depreciable Assets	<u>\$ 2,775,023</u>	<u>\$ (84,496)</u>	<u>\$ -</u>	<u>\$ 2,690,527</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	\$ 37,645,335	\$ 46,146,873	\$ 3,379,824
Accumulated Depreciation	<u>(16,828,212)</u>	<u>(17,250,137)</u>	<u>(689,297)</u>
Book Value	20,817,123	28,896,736	2,690,527
Capital Related Debt	-	(1,854,408)	(1,624,318)
Total	<u>\$ 20,817,123</u>	<u>\$ 27,042,328</u>	<u>\$ 1,066,209</u>

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 9 - LONG-TERM DEBT**

The following is a summary of Long-Term Debt transactions of the County for the year ended June 30, 2019:

**Governmental Activities:**

	<u>Balance</u> <u>7/1/2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/2019</u>	<u>Due Within</u> <u>One Year</u>
Contracts Payable	\$ 1,696,094	\$ -	\$ 71,776	\$ 1,624,318	\$ 74,462
Obligations Under Capital Lease	525,073	-	525,073	-	-
Pension Liability	108,555	114,999		223,554	
	<u>\$ 2,329,722</u>	<u>\$ 114,999</u>	<u>\$ 596,849</u>	<u>\$ 1,847,872</u>	<u>\$ 74,462</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.

**Business Type Activities:**

	<u>Balance</u> <u>7/1/2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/2019</u>	<u>Due Within</u> <u>One Year</u>
Long Term Notes Payable	\$ 2,038,396	\$ -	\$ 183,988	\$ 1,854,408	\$ 214,165

**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.

<b>Fiscal Year</b> <b>Ending</b> <b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 47,647	\$ 12,063	\$ 59,710
2021	48,687	11,023	59,710
2022	49,749	9,961	59,710
2023	50,834	8,876	59,710
2024	51,943	7,767	59,710
2025-2029	277,214	21,336	298,550
2030	54,147	587	54,734
Totals	<u>\$ 580,221</u>	<u>\$ 71,613</u>	<u>\$ 651,834</u>

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 9 – (Continued)

**Notes Payable – South State Bank**

On November 29, 2016 the County adopted a resolution to issue revenue with South State Bank to pay off a loan with the Georgia Environmental Facilities Authority. The original amount of this loan was \$1,630,000. Principal and interest shall be due and payable in one hundred twenty monthly payments in the amount of \$15,485.63, commencing on January 15, 2017. The note bears interest at 2.634% per annum.

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 166,518	\$ 34,795	\$ 201,313
2021	158,169	27,658	185,827
2022	162,445	23,382	185,827
2023	166,837	18,991	185,828
2024	171,310	14,518	185,828
2025-2027	448,908	15,661	464,569
Totals	<u>\$ 1,274,187</u>	<u>\$ 135,005</u>	<u>\$ 1,409,192</u>

**Contract Payable**

The County has entered into an intergovernmental contract dated February 1, 2015 with the Banks County Industrial Building Authority (Authority) to pay the Authority amounts sufficient to enable the Authority to pay the debt service on the Series 2015 Bonds. The total issue amount for these bonds was \$1,880,563 with an issuance cost of \$125,000 which mature October 1, 2035, and bear interest at 3.68 %. These bonds were for the construction of a government services building in the County, including approximately 6,750 square feet of rentable office space. The building is being leased to the State of Georgia Facilities Authority and current houses the Department of Family and Children's Services.

The annual requirements to amortize this debt as of June 30, 2019 are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 74,462	\$ 58,512	\$ 132,974
2021	77,250	55,725	132,975
2022	80,141	52,834	132,975
2023	83,141	49,835	132,976
2024	86,252	46,723	132,975
2025-2029	482,167	182,708	664,875
2030-2034	579,409	85,466	664,875
2035	161,496	3,842	165,338
Totals	<u>\$ 1,624,318</u>	<u>\$ 535,645</u>	<u>\$ 2,159,963</u>

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 10 – 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	\$ 271,616
<i>Long-term interfund receivable</i> - For the amount due from E-911 Fund	<u>7,503,971</u>
	\$ <u>7,775,587</u>

**Restricted:**

**2017 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	\$ 2,751,160
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------

**Nonmajor Special Revenue Funds**

*Judicial Programs:*

Victims assistance – Used to account for surcharges on fines and forfeitures which are used to provide victims assistance.	21,609
----------------------------------------------------------------------------------------------------------------------------	--------

Juvenile Supervision – Used to account for surcharges on fines and forfeitures which are used in juvenile supervision programs	24,395
--------------------------------------------------------------------------------------------------------------------------------	--------

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	48,906
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------

*Public Safety Programs:*

Jail Fund – To account for funds received from surcharges on fines and forfeitures restricted for operations of the County jail	17,425
---------------------------------------------------------------------------------------------------------------------------------	--------

Drug Surcharge Fund – Used to account for funds collected from fines and forfeitures to be used in drug treatment and education programs	37,297
------------------------------------------------------------------------------------------------------------------------------------------	--------

*Public Works:*

Solar Fund - Used to account for rents received from property used for the solar power generation programs	29,288
------------------------------------------------------------------------------------------------------------	--------

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 10– (Continued)

*Capital Outlay Projects:*

Senior Center Renovations – To account for the grant proceeds to be used to renovate and remodel the Senior Center. 2,060

2018 Transportation SPLOST Fund – To account for funds received from the Imposition of the 2018 Transportation Special Purpose Local Option Sales Tax (TSPLOST) Restricted by the voter approved referendum. 1,297,368

2012 SPLOST Fund – To account for funds received from the imposition of the 2012 Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum. 1,084,030  
\$ 5,313,538

**Assigned to:**

**Capital Projects Fund**

*Capital outlay projects* - To account for funds from state grants and transfers from the general fund for capital outlay projects \$ 4,999,474

**NOTE 11 - 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 191 Peachtree Street NE, Suite 700, Atlanta, Georgia 30303.

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.

There are no loans to any of the County officials or other "party-in-interest", and there are no prohibited transactions. The plan assets do not include any securities or investments in Banks County. The funds are managed by independent money managers.



BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 – (Continued)

Participants counts as of December 31, 2018 (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	12
Terminated plan participants entitled to but not yet receiving benefits	22
Active employees participating in the Plan	<u>5</u>
Total number of Plan Participants	<u><u>39</u></u>
Covered compensation for active participants	\$ 233,650

*Benefits Provided.* The plan provides retirement and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Benefits vest evenly over five years of service. Participants become eligible to retire with unreduced benefits at age 65 with 5 years of plan participation. The amount of monthly benefits provided to each participant at their normal retirement date is equal to one percent of the participant's average annual compensation multiplied by the participant's total number of years of service. The plan also provides benefits in the event of death or disability.

*Contributions.* Employees make no contributions to the plan. The County is required to contribute the remaining amounts necessary to fund the plan in compliance with minimum funding standards of the Public Retirement Systems Law. This funding policy is set by ordinance. The current rate is 4.9% of annual covered payroll. The Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains authority to change the policy.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At June 30, 2019, the County reported a net pension liability of \$ 223,554. The net pension liability was measured as of December 31, 2018, and the total pension liability was used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. For the fiscal year ended June 30, 2019, the County recognized pension expense of \$ 7,320.

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Net Deferred Outflows	Net Deferred Inflows
Differences between expected and actual experience	\$ 94,175	\$
Net difference between projected and actual earnings on pension plan investments	\$	\$ 39,391
Assumption change	<u>\$ 94,175</u>	<u>\$ 39,391</u>

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 – (Continued)

Amounts reported as deferred outflows and deferred inflows or resources will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Primary Government</b>
2020	\$ 10,957
2021	10,957
2022	10,957
2023	10,957
2024	10,956
<b>Totals</b>	<b>\$ 54,784</b>

**B. CHANGE IN NET PENSION LIABILITY**

	<b>Total Pension Liability (TPL) (a)</b>	<b>Fiduciary Net Position (FNP) (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances at December 31, 2017	\$ 950,285	\$ 841,730	\$ 108,555
Changes for the year:			
Service Cost	1,657		1,657
Interest	68,896		68,896
Liability experience (gain)/loss	(12,794)		(12,794)
Assumption Changes	21,017		21,017
Employer contributions		6,966	(6,966)
Employee contributions	-	-	-
Net investment income		(37,044)	37,044
Benefit payments	(53,008)	(51,154)	(1,854)
Administrative expense		(4,290)	4,290
Other		(3,709)	3,709
Net Changes	25,768	(89,231)	114,999
Balances at December 31, 2018	\$ 976,053	\$ 752,499	\$ 223,554

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 – (Continued)

**C. SENSITIVITY ANALYSIS FOR THE MEASUREMENT PERIOD ENDED DECEMBER 31, 2018**

The following represents what the County's net position liability calculation would be if it were calculated using a discount rate one percentage point higher (8.0%) or one percentage point lower (6.0%):

	<u>6.00%</u>	<u>8.00%</u>
Total Pension Liability	\$ 1,058,872	\$ 904,082
Fiduciary Net Position	\$ 752,499	\$ 752,499
Net Pension Liability	\$ 306,373	\$ 151,583

**D. SCHEDULE OF ACCRUED LIABILITIES**

**Actuarial Present Value of Accumulated Plan Benefits as of December 31, 2018**

<b>1 Total Pension Liability</b>	\$ 976,033
<b>2 Fiduciary Net Position</b>	\$ 752,499
<b>3 Net Pension Liability</b>	\$ 223,534
<b>4 Fiduciary Net Position as % of Total Pension Liability (2)/(1)</b>	77.1%

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 – (Continued)

E. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Investment Return: 7.00% per year  
Future Salary Increases: 4.00% per year with an age based scale as follows:

<u>Age</u>	<u>Salary Increase</u>
Under 30	4.0% rate plus 1.0%
30-39	4.0% rate plus 0.5%
40-49	4.0% rate less 0.5%
50+	4.0% rate less 1.0%

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2018 are summarized in the following table:

	<u>Target Allocation</u>	<u>Range</u>
Fixed Income	30	25-35%
Equities		
Large Cap	30	25-35%
Mid Cap	5	2.5-10%
Small Cap	5	2.5-10%
REIT	5	2.5-10%
International	15	10-20%
Multi Cap	5	2.5-10%
Global Allocation	5	2.5-10%

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 – (Continued)

- Mortality:** Mortality rates were developed using RP-2000 with Scale AA. The society of Actuaries are developing a new mortality table for government employees. Until such time as the new mortality table for governmental employees is released, the RP-2000 Mortality table be used, as it represents the most up to date table pending this release. The RP-2000 Mortality Table was revised to project morality improvements with Scale AA.
- Termination:** The mortality and economic actuarial assumptions used in the December 31, 2016 were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.
- 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:	<u>Probability of Retirement</u>
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).

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 – (Continued)

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

F. 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.

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 – (Continued)

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

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 – (Continued)

- Pre-Retirement Death Benefit i. Lump- Sum Active Participants  
ii. 10-Year Certain Annuity  
Terminated vested participants and participants receiving a Disability Retirement benefit and not year age 65.

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, 2019

NOTE 11 -- (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. Lump-Sum    The beneficiary will receive a lump-sum death benefit based on the participant's accrued benefit payable under the normal form as follows: 50 times the Participant's monthly pension benefit limited to \$50,000.

g. Post-Retirement  
Death Benefit

The beneficiary will receive a lump-sum death benefit equal to 50 times the retiree's monthly benefit as of the benefit commencement date limited to \$15,000.

Form of Benefit:

The normal form of benefit is a straight line annuity. Other forms of payment are available and are actuarially equivalent to the normal form.

Contributions:

No contributions are required of or permitted by Participants. The County meets all costs of the Plan.

Plan Freeze as  
of October 31, 1997:

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.

The present value of the accrued benefits 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.

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 – (Continued)

- Changes Since Prior Valuation:
- \* Due to the significant surplus in the Pre-Retirement Death Pool, the 2018 expense for the pre-retirement death benefit has been reduced to zero.
  - \* The mortality improvements for the RP-2000 mortality table is projected to 2018 instead of 2017 with Scall AA.
  - \* The investment return assumption was decreased from 7.25% to 7.00%
  - \* The turnover table was changed to the Vaughn Select and Ultimate Table through age 54.
  - \* The disability table was changed from the 1977 Social Security Table to the 1985 CIDA Table Class 1 through age 59.
  - \* The salary increase assumption was revised as follows:
    - The adjustment to the base rate was reduced from 1.5% to 1.0% for participants under age 30 and from 1.0% to 0.5% for participants from ages 30-39.
    - The base salary scale was changed from 3.0% to 4.0%.

Investment Return Assumption:

Estimated 65th percentile return based on UBS Capital Market Assumptions:	6.10%
Five year performance in excess of benchmarks:	<u>0.90%</u>
Assumed annual investment return	7.00%

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 – (Continued)

**G. 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, 2019

NOTE 11 – (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 12– OTHER POST-EMPLOYMENT BENEFITS**

***Banks County Health Department***

Eligible employees of the Banks County Health Department are provided OPEB through the State of Georgia OPEB Fund, a cost sharing multiple employer defined benefit post-employment healthcare plan and life insurance through the SEAD-OPEB Fund, a cost-sharing multiple employer defined benefit plan. During the current fiscal year, the Department contributed \$43,427. At the end of the fiscal year, the Department reported a net liability of \$150,678 for its proportionate share ((0.006307% of the State of Georgia OPEB Fund and 0.005279% for the SEAD-OPEB Fund) of the net OPEB liability. The department recognized OPEB expense of \$43,427 for the current fiscal year. Further information regarding the plans can be obtained from the Departments annual audit report by contacting District 2 Public Health, 1280 Athens Street, Gainesville, GA 30507.

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 13- 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 14- 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 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 result 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, 2018 the County has no losses that are probable or estimable and accordingly has not recognized any liability.

**NOTE 15- 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  
1310 West Ridge Road  
Gainesville, Georgia 30501

BANKS COUNTY, GEORGIA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 – (Continued)

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 16– 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	\$ 685,190	100%
Tourism Promotion	274,076	40%

**NOTE 17– CHANGES IN BEGINNING BALANCES**

A prior period adjustment has been made to adjust revenue and expenses at June 30, 2018. This adjustment was required due to an improper recording of revenue and expenses in the component unit in the prior year. This adjustment increased beginning net position of the Banks County Health Department by \$46,580.

A prior period adjustment has been made to adjust revenue and expenses at June 30, 2018. This adjustment was required due to an improper recording of revenue and expenses in the general fund in the prior year. This adjustment increased beginning net position of Banks County by \$991.

**NOTE 18– TAX ABATEMENTS**

The County is subject to tax incentives granted by the Banks County Development of Banks County, an entity created by the State of Georgia and activated by the Board of Commissioners of Banks County (“Authority”). These incentives are negotiated on an individual basis as a reduction of property taxes by percentage of total taxes and have the stated purpose of increasing business activity and employment in the County by allowing localities to abate property taxes for a variety of economic development purposes, including business relocation, retention, or expansion. The incentives may be granted to any business located within or promising to relocate to a local government’s geographic area and require the business to enter into a sale-leaseback transaction with the Authority in exchange for tax exempt debt financing for the purpose of locating to the area or expansion of current facilities. In addition to the commitment to the debt financing, the business may also commit to certain economic or employment increases. The incentive agreements contain a provision that the business may lose a portion of the abatement for that year if the business fails to meet its jobs and/or investment goals.

The County has not made any commitments as part of the agreement other than to reduce taxes. This agreement qualifies for disclosure under GASB Statement No. 77, *Tax Abatement Disclosures*.

For fiscal year 2018, the Development Authority entered into an agreement with an industrial entity to abate up to a maximum of 100 percent of the tax bills through a reduction of the assessed value. The term period agreement is five years beginning in fiscal year 2019. Under this agreement, County personal and real property tax was \$357,864

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, 2019**

**EXHIBIT 9**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FROM AMENDED</u>
<b>REVENUES</b>				
Taxes				
Property Tax	\$ 5,409,056	\$ 5,409,056	\$ 5,817,010	\$ 407,954
Local Option Sales Tax	2,300,000	2,300,000	2,621,234	321,234
Beverage	220,900	220,900	229,786	8,886
Other	1,047,000	1,047,000	1,088,959	41,959
License and Permits	142,000	142,000	125,358	(16,642)
Fines & Forfeitures	843,000	843,000	773,455	(69,545)
Grants	1,217,837	1,217,837	957,474	(260,363)
Fees	3,062,200	3,062,200	3,124,338	62,138
Interest	21,000	21,000	51,787	30,787
Other	156,400	156,400	4,617	(151,783)
<b>TOTAL REVENUES</b>	<u>14,419,393</u>	<u>14,419,393</u>	<u>14,794,018</u>	<u>374,625</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,914,465	2,914,465	2,745,629	168,836
Judicial	1,147,303	1,147,303	1,047,976	99,327
Public Safety	7,214,368	7,214,368	6,651,254	563,114
Public Works	1,999,648	1,999,648	1,978,343	21,305
Health and Welfare	248,506	248,506	244,085	4,421
Culture and Recreation	827,338	827,338	797,519	29,819
Housing and Development	293,052	293,052	240,921	52,131
Debt Service				
Debt Retirement	526,000	526,000	525,073	927
Interest	1,500	1,500	1,204	296
<b>TOTAL EXPENDITURES</b>	<u>15,172,180</u>	<u>15,172,180</u>	<u>14,232,004</u>	<u>940,176</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(752,787)</u>	<u>(752,787)</u>	<u>562,014</u>	<u>1,314,801</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (To) from Other County Funds	(32,827)	(32,827)	73,014	105,841
Sale of Equipment			26,615	
Total Other Financing Sources (Uses)	<u>(32,827)</u>	<u>(32,827)</u>	<u>99,629</u>	<u>105,841</u>
<b>NET CHANGE IN FUND BALANCE</b>	(785,614)	(785,614)	661,643	1,420,642
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>785,614</u>	<u>785,614</u>	<u>19,917,956</u>	<u>19,132,342</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$</u>	<u>\$</u>	<u>\$ 20,579,599</u>	<u>\$ 20,552,984</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, 2018**  
**(Unaudited)**

**EXHIBIT 10**

	FISCAL YEAR END			
	2019	2018	2017	2016
Total Pension Liability as of the beginning of year (1)	\$ 950,285	\$ 924,714	\$ 872,028	\$ 854,843
Service Cost	1,657	2,054	2,027	1,935
Interest on Total Pension Liability	68,896	67,042	65,402	64,113
Plan Change	-	-	-	-
Assumption Change	21,017	2,039	19,484	29,487
Benefit Payments (Adjusted for Interest)	(53,008)	(50,935)	(49,456)	(48,650)
Experience (gain)/(loss)	(12,794)	5,371	15,229	(29,700)
Total Pension Liability as of December 31 (2)	\$ 976,053	\$ 950,285	\$ 924,714	\$ 872,028
				\$ 854,843
Fiduciary Net Position as of beginning of year (3)	\$ 841,730	\$ 764,592	\$ 759,938	\$ 801,430
Employer Contributions	6,966	10,895	12,793	6,669
Employee Contributions (including buy back)	-	-	-	-
Net Investment Income	(37,044)	123,554	51,046	6,728
Benefit Payments	(51,154)	(49,153)	(47,668)	(46,892)
Employee Contribution Refunds	-	-	-	-
Administrative Expense	(4,290)	(2,716)	(6,270)	(2,863)
Other	(3,709)	(5,442)	(5,247)	(5,271)
Fiduciary Net Position as of End of Year (4)	\$ 752,499	\$ 841,730	\$ 764,592	\$ 759,938
				\$ 801,430
Net pension liability as of beginning of year (1)-(3)	\$ 108,555	\$ 160,122	\$ 112,090	\$ 53,413
Net Pension liability as of end of year (2) - (4)	\$ 223,554	\$ 108,555	\$ 160,122	\$ 112,090
				\$ 53,413
Fiduciary Net Position as a % of Total Pension Liability (4)/(2)	77.1%	88.6%	82.7%	87.1%
				93.8%
Covered-employee payroll	233,650	255,921	260,840	248,763
				\$ 278,016
Net pension liability as a % of covered-employee payroll	95.7%	42.4%	61.4%	45.06%
				19.21%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only five years are shown.

BANKS COUNTY, GEORGIA  
SCHEDULE OF CONTRIBUTIONS  
LAST TEN FISCAL YEARS  
JUNE 30, 2019  
(Unaudited)

EXHIBIT 11

	FISCAL YEAR END				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 7,320	\$ 11,042	\$ 12,793	\$ 6,669	\$ 9,804
Contribution in relation to the actuarially determined contribution	7,320	(11,042)	(12,793)	(6,669)	(9,804)
Contribution deficiency (excess)					
Covered-employee payroll	233,650	255,921	260,840	248,763	278,016
Contributions as a percentage of covered-employee payroll	3.13%	4.31%	4.90%	2.68%	3.53%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only five years are shown.

**BANKS COUNTY, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2019**

**1. Valuation Date**

The actuarially determined contribution rate was determined as of December 31, 2018 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, 2019.

**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 = 7.0%

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, 2019**

	<b>SPECIAL REVENUE</b>			
	<b><u>VICTIMS ASSISTANCE</u></b>	<b><u>JUVENILE SUPERVISION</u></b>	<b><u>SOLAR PROGRAM</u></b>	<b><u>SENIOR CENTER RENOVATIONS</u></b>
<b>ASSETS</b>				
Cash	\$ 21,609	\$ 24,395	\$ 29,288	\$ 2,060
Receivables				
TSPLOST				
<b>TOTAL ASSETS</b>	<b>\$ <u>21,609</u></b>	<b>\$ <u>24,395</u></b>	<b>\$ <u>29,288</u></b>	<b>\$ <u>2,060</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$	\$	\$	\$
<b>TOTAL LIABILITIES</b>				
<b>FUND BALANCE</b>				
Restricted:				
Capital Outlay Projects				2,060
Judicial programs	21,609	24,395		
Public Works			29,288	
Public safety programs				
Unassigned				
<b>TOTAL FUND BALANCES</b>	<b><u>21,609</u></b>	<b><u>24,395</u></b>	<b><u>29,288</u></b>	<b><u>2,060</u></b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$ <u>21,609</u></b>	 <b>\$ <u>24,395</u></b>	 <b>\$ <u>29,288</u></b>	 <b>\$ <u>2,060</u></b>

SCHEDULE 1

SPECIAL  
REVENUE

JAIL FUND	2018 TSPLOST	2012 SPLOST	LAW LIBRARY	DRUG SURCHAGE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 17,425	\$ 946,767	\$ 1,084,030	\$ 48,906	\$ 37,297	\$ 2,211,777
	350,601				350,601
\$ 17,425	\$ 1,297,368	\$ 1,084,030	\$ 48,906	\$ 37,297	\$ 2,562,378
\$	\$	\$	\$	\$	\$
		0			
	1,297,368	1,084,030	48,906		2,383,458
17,425				37,297	94,910
17,425	1,297,368	1,084,030	48,906	37,297	29,288
					54,722
17,425	1,297,368	1,084,030	48,906	37,297	2,562,378
\$ 17,425	\$ 1,297,368	\$ 1,084,030	\$ 48,906	\$ 37,297	\$ 2,562,378

**BANKS COUNTY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	SPECIAL REVENUE				
REVENUES	VICTIMS ASSISTANCE	JUVENILE SUPERVISION FUND	SOLAR GRANT	SENIOR CENTER RENOVATIONS	JAIL FUND
Grants					
Taxes					
Transportation SPLOST					
Local Matching					
Fees	30,395	1,090	8,000		64,643
Interest			25		
TOTAL REVENUE	<u>30,395</u>	<u>1,090</u>	<u>8,025</u>	<u>306,760</u>	<u>64,643</u>
	\$	\$	\$	\$	\$
EXPENDITURES					
Tourism and Promotion					
Law Enforcement	30,583				63,163
Law Library					
Transportation System					
Capital Expenditures				361,162	
TOTAL EXPENDITURES	<u>30,583</u>			<u>361,162</u>	<u>63,163</u>
EXCESS -DEFICIENCY REVENUES OVER EXPENDITURES	(188)	1,090	8,025	(54,402)	1,480
OTHER FINANCING SOURCES (USES)					
Transfers Out:					
NET CHANGES IN FUND BALANCE	<u>(188)</u>	<u>1,090</u>	<u>(8,000)</u>	<u>(54,402)</u>	<u>1,480</u>
			25		
FUND BALANCE BEGINNING OF YEAR	<u>21,797</u>	<u>23,305</u>	<u>29,263</u>	<u>56,462</u>	<u>15,945</u>
FUND BALANCE END OF YEAR	<u>\$ 21,609</u>	<u>\$ 24,395</u>	<u>\$ 29,288</u>	<u>\$ 2,060</u>	<u>\$ 17,425</u>

**SPECIAL  
REVENUE**

[illegible]



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, 2019

REVENUES	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE FROM BUDGET
Grants	\$ 46,661	\$ 42,730	\$ (3,931)
Local Matching	27,361	16,478	(10,883)
Fees	30,000	38,081	8,081
TOTAL REVENUE	<u>104,022</u>	<u>97,289</u>	<u>(6,733)</u>
 EXPENDITURES			
Administrative	20,480	20,480	
Transportation	83,542	76,809	6,733
TOTAL EXPENDITURES	<u>104,022</u>	<u>97,289</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

SCHEDULE 4

## AGENCY FUNDS

## COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2019

ASSETS	TAX COMMISSIONER	SHERIFF	PROBATE JUDGE	FEDERAL EQUITY SHARING	STATE EQUITY SHARING	CLERK OF COURT	MAGISTRATE COURT	PROBATION OFFICE	COMBINED TOTALS
Cash	\$ 498,248	\$ 83,712	\$ 86,128	\$ 4,750	\$ 118,184	\$ 414,958	\$ 5,910	\$ 1,963	\$ 1,213,853
TOTAL ASSETS	\$ 498,248	\$ 83,712	\$ 86,128	\$ 4,750	\$ 118,184	\$ 414,958	\$ 5,910	\$ 1,963	\$ 1,213,853
LIABILITIES	\$ 493,311	\$ 83,712	\$ 86,128	\$ 4,750	\$ 118,184	\$ 181,701	\$ 1,693	\$ 1,963	\$ 969,479
Accounts Payable	4,937					233,257	4,217		244,374
Amounts Held in Trust									
Unsettled Escrow									
TOTAL LIABILITIES	\$ 498,248	\$ 83,712	\$ 86,128	\$ 4,750	\$ 118,184	\$ 414,958	\$ 5,910	\$ 1,963	\$ 1,213,853

**BANKS COUNTY, GEORGIA**  
**AGENCY FUNDS**  
**STATEMENT OF CHANGES IN ASSET AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SCHEDULE 5**

**TAX COMMISSIONER**

	<u>2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>2019</u>
ASSETS				
Cash	\$ 376,595	\$ 16,373,626	\$ 16,251,973	\$ 498,248
TOTAL ASSETS	<u>\$ 376,595</u>	<u>\$ 16,373,626</u>	<u>\$ 16,251,973</u>	<u>\$ 498,248</u>
LIABILITIES				
Amounts Held in Trust	\$ 371,658	\$ 16,373,626	\$ 16,251,973	\$ 493,311
Unsettled Escrow	4,937			4,937
TOTAL LIABILITIES	<u>\$ 376,595</u>	<u>\$ 16,373,626</u>	<u>\$ 16,251,973</u>	<u>\$ 498,248</u>

**SHERIFF**

ASSETS				
Cash	\$ 49,045	\$ 357,249	\$ 322,582	\$ 83,712
TOTAL ASSETS	<u>\$ 49,045</u>	<u>\$ 357,249</u>	<u>\$ 322,582</u>	<u>\$ 83,712</u>
LIABILITIES				
Amounts Held in Trust	\$ 49,045	\$ 357,249	\$ 322,582	\$ 83,712
TOTAL LIABILITIES	<u>\$ 49,045</u>	<u>\$ 357,249</u>	<u>\$ 322,582</u>	<u>\$ 83,712</u>

**PROBATE JUDGE**

ASSETS				
Cash	\$ 76,332	\$ 740,383	\$ 730,587	\$ 86,128
TOTAL ASSETS	<u>\$ 76,332</u>	<u>\$ 740,383</u>	<u>\$ 730,587</u>	<u>\$ 86,128</u>
LIABILITIES				
Amounts Held in Trust	\$ 76,332	\$ 740,383	\$ 730,587	\$ 86,128
TOTAL LIABILITIES	<u>\$ 76,332</u>	<u>\$ 740,383</u>	<u>\$ 730,587</u>	<u>\$ 86,128</u>

**FEDERAL EQUITY SHARING**

ASSETS				
Cash	\$ 7,526	\$ 12,698	\$ 15,474	\$ 4,750
TOTAL ASSETS	<u>\$ 7,526</u>	<u>\$ 12,698</u>	<u>\$ 15,474</u>	<u>\$ 4,750</u>
LIABILITIES				
Amounts Held in Trust	\$ 7,526	\$ 12,698	\$ 15,474	\$ 4,750
TOTAL LIABILITIES	<u>\$ 7,526</u>	<u>\$ 12,698</u>	<u>\$ 15,474</u>	<u>\$ 4,750</u>

**STATE EQUITY SHARING**

ASSETS				
Cash	\$ 135,040	\$ 135,916	\$ 152,772	\$ 118,184
TOTAL ASSETS	<u>\$ 135,040</u>	<u>\$ 135,916</u>	<u>\$ 152,772</u>	<u>\$ 118,184</u>
LIABILITIES				
Amounts Held in Trust	\$ 135,040	\$ 135,916	\$ 152,772	\$ 118,184
TOTAL LIABILITIES	<u>\$ 135,040</u>	<u>\$ 135,916</u>	<u>\$ 152,772</u>	<u>\$ 118,184</u>

BANKS COUNTY, GEORGIA  
AGENCY FUNDS  
STATEMENT OF CHANGES IN ASSET AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SCHEDULE 5

CLERK OF COURT

	<u>2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>2019</u>
ASSETS				
Cash	\$ 386,273	\$ 726,607	\$ 697,922	\$ 414,958
TOTAL ASSETS	\$ 386,273	\$ 726,607	\$ 697,922	\$ 414,958
LIABILITIES				
Accounts Payable				
Amounts Held in Trust	\$ 195,840	\$ 652,975	\$ 667,114	\$ 181,701
Unsettled Escrow	190,433	73,632	30,808	233,257
TOTAL LIABILITIES	\$ 386,273	\$ 726,607	\$ 697,922	\$ 414,958

MAGISTRATE

ASSETS				
Cash	\$ 6,212	\$ 85,846	\$ 86,148	\$ 5,910
TOTAL ASSETS	\$ 6,212	\$ 85,846	\$ 86,148	\$ 5,910
LIABILITIES				
Accounts Payable				
Amounts Held in Trust	\$ 3,187	\$ 51,215	\$ 52,709	\$ 1,693
Unsettled Escrow	3,025	34,631	33,439	4,217
TOTAL LIABILITIES	\$ 6,212	\$ 85,846	\$ 86,148	\$ 5,910

PROBATION OFFICE

ASSETS				
Cash	\$ 1,933	\$ 62,342	\$ 62,312	\$ 1,963
TOTAL ASSETS	\$ 1,933	\$ 62,342	\$ 62,312	\$ 1,963
LIABILITIES				
Accounts Payable				
Unsettled Escrow	1,933	62,342	62,312	1,963
TOTAL LIABILITIES	\$ 1,933	\$ 62,342	\$ 62,312	\$ 1,963

TOTALS

ASSETS				
Cash	\$ 1,038,956	\$ 18,494,667	\$ 18,319,770	\$ 1,213,853
TOTAL ASSETS	\$ 1,038,956	\$ 18,494,667	\$ 18,319,770	\$ 1,213,853
LIABILITIES				
Accounts Payable				
Amounts Held in Trust	\$ 838,628	\$ 18,324,062	\$ 18,193,211	\$ 969,479
Unsettled Escrow	200,328	170,605	126,559	244,374
TOTAL LIABILITIES	\$ 1,038,956	\$ 18,494,667	\$ 18,319,770	\$ 1,213,853

## OTHER REPORTS



**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**

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, 2019, 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 30, 2019. 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.

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.

**HABERSHAM COUNTY**

P.O. Box 1330 • 327 Monroe Street, Suite D  
Clarksville, GA 30523  
Phone: 706.754.5814 • Fax: 706.754.9069

**RABUN COUNTY**

P.O. Box 1470 • 45 South Main Street  
Clayton, GA 30525  
Phone: 706.782.7022 • Fax: 706.782.6189

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.

### **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.

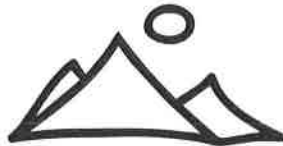
### **Purpose of this Report**

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*

Duncan & Kitchens, LLC  
Certified Public Accountants  
Clarksville, Georgia  
November 30, 2019

Joseph Duncan, CPA  
Joe Kitchens, CPA



**DUNCAN & KITCHENS, LLC**  
*Certified Public Accountants*

Members of  
American Institute and  
Georgia Society of  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Program**

We have audited Banks County, Georgia's compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of Banks County's major federal programs for the year ended June 30, 2019. Banks County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibilities**

Our responsibility is to express an opinion on compliance for each of Banks County, Georgia's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Banks County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**HABERSHAM COUNTY**

P.O. Box 1330 • 327 Monroe Street, Suite D  
Clarkesville, GA 30523  
Phone: 706.754.5814 • Fax: 706.754.9069

**RABUN COUNTY**

P.O. Box 1470 • 45 South Main Street  
Clayton, GA 30525  
Phone: 706.782.7022 • Fax: 706.782.6189



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Banks County, Georgia's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Banks County, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**


Management of Banks County, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Banks County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Banks County, Georgia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect or correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Duncan & Kitchens, LLC  
Certified Public Accountants  
Clarksville, Georgia  
November 30, 2019

**BANKS COUNTY, GEORGIA**  
**Schedule of Expenditures of Federal Awards By Grant**  
**For the Year Ended June 30, 2019**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<b>U.S Environmental Protection Agency</b>			
Capitalization Grants for Clean Water Revolving Loan Fund	66.468	GEFA DW2016034	\$ 53,183
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			53,183
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Georgia Department of Community Affairs, 15p-y-006-1-5832	\$ 306,760
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			306,760
<b>U.S. Department of Transportation</b>			
Transit Operating Assistance Grant	20.509	Georgia Department of Transportation Project T006135	42,730
TOTAL U.S. DEPARTMENT TRANSPORTATION			42,730
<b>U.S. Department of Homeland Security</b>			
Disaster Grants -Public Assistance (Presidentially Declared Disasters)	97.036	Georgia Emergency Management Agency FEMA-4338-DR-GA	844,623
Hazard Mitigation Grant	97.039	Georgia Emergency Management Agency HMGP-4215-0006	24,929
Emergency Management Performance Grants	97.042	Georgia Emergency Management Agency OEM 18-006	7,690
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			877,242
<b>TOTAL FEDERAL AWARDS</b>			\$ 1,279,915

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs

BANKS COUNTY, GEORGIA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Banks County, Georgia under programs of the federal government for the fiscal year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as a reimbursement.

NOTE 3 – *De Minimis* Indirect Cost Rate

Banks County, Georgia has elected not to use the 10 percent *de minimis* indirect cost rate allowed under Uniform Guidance.

BANKS COUNTY, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018

1. SUMMARY OF THE AUDITOR'S RESULTS

A. FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal Control over financial reporting:	
Material weaknesses identified:	None Reported
Significant deficiencies identified	
Not considered material weaknesses?	None Reported
Noncompliance material to financial statements noted:	None Reported

B. FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified:	None Reported
Significant deficiencies identified	
Not considered material weaknesses?	None Reported
Type of auditor's report issued on Compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	None Reported
Identification of major programs:	
97.036 Disaster Grants – Public Assistance (Presidentially Declared Distasters)	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee	Yes

BANKS COUNTY, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018

2. Financial Statement Findings

A. Current Year Audit Findings

None Reported

B. Prior Year Audit Findings

None Reported

3. Federal Award Findings and Questioned Costs

The audit of the basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

## STATE REPORTING SECTION

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

**BANKS COUNTY**  
**SCHEDULE OF PROJECTS CONSTRUCTED**  
**WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SCHDULE 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	\$ 2,242,862	\$ 378,415	58.64%
General Obligation Debt	450,000		0	0.00%
Roads and Bridges	4,825,500	4,792,498	581,921	111.38%
Public Safety	1,900,000	2,056,050	177,760	117.57%
Parks and Recreation	1,000,000	2,152,641	0	215.26%
Senior Center	30,000	48,627	0	162.09%
Vehicles	192,000	73,243	0	38.15%
Plotter Equipment	7,500	6,832	0	91.09%
City Projects				
Maysville	400,000	400,000	0	100.00%
Homer	800,000	800,861	0	100.11%
Gillsville	20,000	19,229	0	96.15%
Lula	45,000	54,437	0	120.97%
Alto	60,000	59,726	0	99.54%
Baldwin	200,000	200,180	0	100.09%
	<u>\$ 14,400,000</u>	<u>\$ 12,907,186</u>	<u>\$ 1,138,096</u>	

**BANKS COUNTY**  
**SCHEDULE OF PROJECTS CONSTRUCTED**  
**WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SCHDULE 7

**2017 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	\$ 3,271,910	\$ -	\$ 447,885	13.69%
Candler Building and Library	75,000		62,360	83.15%
Roads and Bridges	4,175,423	-	23,087	0.55%
Public Safety	3,470,406	175,207	1,155,649	38.35%
Parks and Recreation	1,000,000	-	20,287	2.03%
Senior Center	600,000	-	478,684	79.78%
Code Enforcement	25,000	-	28,642	114.57%
GPS System	20,000	-	14,341	71.71%
City Projects				
Maysville	623,206	-	104,951	16.84%
Homer	767,903	-	129,390	16.85%
Gillsville	18,844	-	3,014	15.99%
Lula	106,335	-	17,845	16.78%
Alto	347,273	-	53,239	15.33%
Baldwin	498,700	-	84,062	16.86%
	<u>\$ 15,000,000</u>	<u>\$ 175,207</u>	<u>\$ 2,623,436</u>	