# JEFF DAVIS COUNTY, GEORGIA

## FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED
## JUNE 30, 2015

# JEFF DAVIS COUNTY, GEORGIA

## FINANCIAL REPORT
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

---

TABLE OF CONTENTS

## TABLE OF CONTENTS (CONTINUED)

MAULDIN & JENKINS

# INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners**
**of Jeff Davis County, Georgia**
**Hazlehurst, Georgia**

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Jeff Davis County, Georgia** (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

***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 Jeff Davis County Board of Health which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jeff Davis County Board of Health is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jeff Davis County, Georgia, as of June 30, 2015, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Notes 10 and 15, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68*, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. These standards significantly changed the accounting for the County's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 10), the County's pension schedules (pages 54 and 55), and the component unit pension schedules (pages 56 and 57) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and are also not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015, on our consideration of Jeff Davis County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jeff Davis County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 16, 2015

This section of Jeff Davis County, Georgia's ("the County") annual financial report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2015.

**Financial Highlights**

- The assets of Jeff Davis County exceeded its liabilities at June 30, 2015, by approximately $15,473,247 (net position) of which $3,711,888 is restricted for specific purposes, leaving a deficit unrestricted net position of $1,336,275.

- At fiscal year-end June 30, 2015, the County's General Fund reported a total fund balance of $2,345,837.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Jeff Davis County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of Jeff Davis County's finances, in a manner similar to a private-sector business. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. It is important to note that this statement consolidates the governmental funds' current financial resources (short-term) with capital assets and long-term liabilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the County include general government, judicial, public safety, public works, health and welfare, recreation, and housing and development.

The government-wide financial statements include not only Jeff Davis County itself (known as the primary government), but also the Jeff Davis County Board of Health. This is a legally separate entity that is a component unit of the County due to the significance of its operational and financial relationship with the County. Financial information for the Board of Health is reported separately from the financial information presented for the primary government itself.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Jeff Davis County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Jeff Davis County maintains governmental funds to account for the following activities: **General**; **Special Revenue** (Community Home Investment Program, Community Development Block Grant (CDBG), Revolving Loan and E911); and **Capital Projects** (SPLOST, LMIG, and TIA SPLOST).

Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, SPLOST, and Joint Development Authority funds, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Jeff Davis County adopts an annual appropriated budget for its general, special revenue and proprietary funds. A budgetary comparison statement has been provided for the General Fund within the basic financial statements.

**Fiduciary funds.** Agency funds are custodial in nature; the only required financial statements are the balance sheet and statement of fiduciary assets and liabilities. Fiduciary funds are not reflected in the government-wide financial statements.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceed liabilities by $15,473,247 at the close of the most recent fiscal year.

A large portion of the County's net position, 84.7%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Jeff Davis County Net Position**

| | Governmental Activities | | Percentage Change |
|---|---|---|---|
| | **2015** | **2014** | **2014 -2015** |
| Current and other assets | $ 7,615,143 | $ 7,574,966 | 0.53 % |
| Capital assets | 17,071,591 | 15,357,662 | 11.16 |
| Total assets | 24,686,734 | 22,932,628 | 7.65 |
| Deferred Outflows of Resources | 23,527 | - | - |
| Long-term liabilities outstanding | 6,492,181 | 6,162,371 | 5.35 |
| Other liabilities | 2,744,833 | 1,508,160 | 82.00 |
| Total liabilities | 9,237,014 | 7,670,531 | 20.42 |
| Net position: | | | |
| Net investment in capital assets | 13,097,634 | 11,553,510 | 13.36 |
| Restricted for: | | | |
| Public safety | 182,125 | 308,058 | (40.88) |
| Housing and development | 525,599 | 791,641 | (33.61) |
| Capital projects | 3,004,164 | 3,118,441 | (3.66) |
| Unrestricted | (1,336,275) | (509,553) | (162.24) |
| Total net position | $ 15,473,247 | $ 15,262,097 | 1.38 |

**Jeff Davis County's Changes in Net Position**

| | Governmental Activities | | Percentage Change |
|---|---|---|---|
| **Revenues** | **2015** | **2014** | **2014-2015** |
| Program revenues: | | | |
| Charges for services | $ 2,093,436 | $ 2,214,339 | (5.46) % |
| Operating grants and contributions | 226,234 | 205,980 | 9.83 |
| Capital grants and contributions | 2,011,922 | 1,707,305 | 17.84 |
| General revenues: | | | |
| Property taxes | 4,543,563 | 4,542,373 | 0.03 |
| Sales taxes | 3,046,447 | 2,961,620 | 2.86 |
| Other taxes | 602,994 | 584,902 | 3.09 |
| Unrestricted investment earnings | 26,625 | 19,237 | 38.41 |
| Total revenues | 12,551,221 | 12,235,756 | 2.58 |
| **Expenses** | | | |
| General government | 2,280,214 | 2,185,397 | 4.34 |
| Judicial | 1,100,162 | 1,094,516 | 0.52 |
| Public safety | 4,102,273 | 3,871,471 | 5.96 |
| Public works | 3,399,581 | 3,186,869 | 6.67 |
| Health and welfare | 135,499 | 133,018 | 1.87 |
| Recreation | 625,596 | 794,245 | (21.23) |
| Housing & development | 59,754 | 1,532,623 | (96.10) |
| Interest on long-term debt | 162,867 | 173,517 | (6.14) |
| Total expenses | 11,865,946 | 12,971,656 | (8.52) |
| Change in net position | 685,275 | (735,900) | 193.12 |
| Net position, beginning of year, as previously reported | 15,262,097 | 15,997,997 | |
| Prior period adjustment | (474,125) | - | |
| Net position, beginning of year, as restated | 14,787,972 | 15,997,997 | (7.56) |
| Net position, end of year | $ 15,473,247 | $ 15,262,097 | 1.38 |

The changes in net position between fiscal years 2014 and 2015 were affected by the following:

- Net change in total revenues is an increase of 2.58%.
- Charges for services decreased 5.46% from the prior year. This was the result of normal fluctuations in the charges for services provided by the City.
- Capital grants and contributions increased 17.84% due to a decrease in public works contributions of approximately $400,000 and an increase in housing and development grants of $660,000.

- Decreases to recreation and housing and development expenses of 21.23% and 96.10%, respectively, were the result of increased capital outlay during the current year, which was capitalized at the government wide level.
- Ultimately, the County reported an increase in net position of $685,275 for the year ended June 30, 2015.

**Financial Analysis of the Government's Funds**

**Governmental funds.** The focus of Jeff Davis County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**General Fund**

The General Fund is the chief operating fund of Jeff Davis County. At the end of the current fiscal year, non-spendable fund balance was $218,696 for prepaid items and unassigned was $2,127,141, while the total fund balance was $2,345,837.

As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Non-spendable fund balance represents 2.83% of total general fund expenditures and unassigned fund balance represents 27.51%, while total fund balance represents 30.34% of that same amount.

**SPLOST**

The SPLOST (Special purpose local option sales tax) referendum was passed in fiscal year 2012 to provide proceeds of $11,375,000 in order to fund multiple capital projects. At the end of the current fiscal year, the SPLOST fund reported expenditures of $1,519,326, revenues in the amount of $1,910,677, and other financing sources and uses in the amount of ($460,317), resulting in an ending fund balance of $2,762,553.

**Joint Development Authority**

The Joint Development Authority accounts for the activity of the County's blended component unit. Revenues increased due primarily to the receipt of an EDGE grant during the current year. Expenditures increased significantly during the current year as a result of increased capital outlay purchases during the current year. As a result of these expenditures, the Joint Development Authority fund reported a decrease in fund balance during the current year of $1,746,622.

**General Fund Budgetary Highlights**

Over the course of the year, the Board of Commissioners revised the County budget on multiple occasions to avoid budget overruns.

## Capital Asset and Debt Administration

**Capital assets.** Jeff Davis County’s investment in capital assets for its governmental activities as of June 30, 2015, amounts to $17,071,591 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, machinery and equipment, and infrastructure.

**Jeff Davis County’s Capital Assets**
**(net of depreciation)**

| | Governmental Activities | | Percentage Change |
|---|---|---|---|
| | 2015 | 2014 | 2014-2015 |
| Land | $ 2,113,812 | $ 2,142,014 | (1.32) % |
| Construction in progress | 2,265,747 | - | 100.00 |
| Land improvements | 300,704 | 354,944 | (15.28) |
| Buildings and improvements | 8,420,472 | 8,512,637 | (1.08) |
| Machinery and equipment | 1,877,412 | 2,048,366 | (8.35) |
| Infrastructure | 2,093,444 | 2,299,701 | (8.97) |
| Total | $ 17,071,591 | $ 15,357,662 | 11.16 |

The majority of the increase is the result of construction in process additions related to the Joint Development Authority projects as well as increased SPLOST project activity. Additional information on the County’s capital assets can be found in Note 6 of this report.

**Long-term debt.** Jeff Davis County’s long-term debt for the year ended June 30, 2015, is summarized below.

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Revenue bonds | $ 1,728,865 | $ 875,596 | $ (163,000) | $ 2,441,461 |
| Notes payable | 1,181,081 | - | (411,850) | 769,231 |
| Capital leases | 894,206 | 245,420 | (376,361) | 763,265 |
| Compensated absences | 197,584 | 125,066 | (180,142) | 142,508 |
| Net Pension Liability | 402,304 | 385,063 | (458,493) | 328,874 |
| Landfill postclosure costs | 2,160,635 | 146,203 | (259,996) | 2,046,842 |
| Total | $ 6,564,675 | $ 1,777,348 | $ (1,849,842) | $ 6,492,181 |

**Long-term debt (continued).** Increases to the County's debt were the result of the continuing draw down for projects related to the Joint Development Authority Fund revenue bonds. Additionally, the County entered into new capital leases related to equipment purchases and the addition of the net pension liability as a result of the implementation of GASB Statement No. 68. Reductions to debt were the result of normal debt service payments made by the County.

Additional information regarding the County's long-term debt can be found in Note 8 of this report.

**Economic Factor and Next Year's Budgets**

- The millage rate was not increased from the prior year. It remained at 15.38 mills, however, due to a revaluation of tracts over 25 acres, the projected digest increased .33% from the prior year.
- No new grants are anticipated.

These items were taken into account when adopting the General Fund budget for 2016.

The County departments will be expected to use a conservative approach to budgeting.

**Requests for Information**

This financial report is designed to provide a general overview of Jeff Davis County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Manager, Jeff Davis County, P.O. Box 609, Hazlehurst, Georgia 31539.

# BASIC FINANCIAL STATEMENTS

# JEFF DAVIS COUNTY, GEORGIA

## STATEMENT OF NET POSITION
## JUNE 30, 2015

| | Primary Government | Component Unit |
|---|---|---|
| | Governmental Activities | Board of Health |
| **ASSETS** | | |
| Cash and cash equivalents | $ 5,945,875 | $ 591,209 |
| Taxes receivable | 366,937 | - |
| Accounts receivable | 751,442 | - |
| Due from other governments | 332,193 | 18,960 |
| Prepaid items | 218,696 | - |
| Capital assets, non-depreciable | 4,379,559 | - |
| Capital assets, depreciable (net of accumulated depreciation) | 12,692,032 | 358 |
| Total assets | 24,686,734 | 610,527 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Pension | 23,527 | 50,471 |
| **LIABILITIES** | | |
| Accounts payable | 1,909,712 | - |
| Accrued liabilities | 212,062 | - |
| Due to other governments | 100,091 | - |
| Unearned revenue | 121,785 | - |
| Short-term notes payable | 401,183 | - |
| Capital leases due within one year | 163,236 | - |
| Capital leases due in more than one year | 600,029 | - |
| Bonds payable due within one year | 174,000 | - |
| Bonds payable due in more than one year | 2,267,461 | - |
| Compensated absences due within one year | 71,254 | 12,975 |
| Compensated absences due in more than one year | 71,254 | 12,975 |
| Notes payable due within one year | 225,395 | - |
| Notes payable due in more than one year | 543,836 | - |
| Landfill due within one year | 117,693 | - |
| Landfill due in more than one year | 1,929,149 | - |
| Net pension liability | 328,874 | 405,817 |
| Total liabilities | 9,237,014 | 431,767 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Pension | - | 113,441 |
| **NET POSITION** | | |
| Net investment in capital assets | 13,097,634 | 358 |
| Restricted for: | | |
| Public safety | 182,125 | - |
| Housing and development | 525,599 | - |
| Capital projects | 3,004,164 | - |
| Other purposes | - | 178,708 |
| Unrestricted | (1,336,275) | (63,276) |
| Total net position | $ 15,473,247 | $ 115,790 |

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

## JEFF DAVIS COUNTY, GEORGIA

### STATEMENT OF ACTIVITIES
### FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | | Program Revenues | | |
|---|---|---|---|---|
| **Functions/Programs** | **Expenses** | **Charges for Services** | **Operating Grants and Contributions** | **Capital Grants and Contributions** |
| **Primary government:** | | | | |
| General government | $ 2,280,214 | $ 227,847 | $ 217,409 | $ 95,077 |
| Judicial | 1,100,162 | 432,638 | - | - |
| Public safety | 4,102,273 | 973,663 | - | - |
| Public works | 3,399,581 | - | - | 1,042,230 |
| Health and welfare | 135,499 | - | - | - |
| Culture and recreation | 625,596 | 201,950 | 8,825 | - |
| Housing and development | 59,754 | 257,338 | - | 874,615 |
| Interest on long-term debt | 162,867 | - | - | - |
| Total primary government | $ 11,865,946 | $ 2,093,436 | $ 226,234 | $ 2,011,922 |
| **Component units:** | | | | |
| Health Department | $ 528,460 | $ 180,073 | $ 363,053 | $ - |
| Total component units | $ 528,460 | $ 180,073 | $ 363,053 | $ - |

General revenues:
Property taxes
Sales taxes
Other taxes
Unrestricted investment earnings
Total general revenues
Change in net position
Net position, beginning of year, as restated
Net position, end of year

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

| Net (Expenses) Revenues and Changes in Net Position | |
|---|---|
| Primary Government | Component Unit |
| Governmental Activities | Health Department |
| $ (1,739,881) | $ - |
| (667,524) | - |
| (3,128,610) | - |
| (2,357,351) | - |
| (135,499) | - |
| (414,821) | - |
| 1,072,199 | - |
| (162,867) | - |
| (7,534,354) | - |
| | |
| - | 14,666 |
| - | 14,666 |
| | |
| 4,543,563 | - |
| 3,046,447 | - |
| 602,994 | - |
| 26,625 | - |
| 8,219,629 | - |
| 685,275 | 14,666 |
| 14,787,972 | 101,124 |
| $ 15,473,247 | $ 115,790 |

# JEFF DAVIS COUNTY, GEORGIA

## BALANCE SHEET
## GOVERNMENTAL FUNDS
## JUNE 30, 2015

| ASSETS | General Fund | SPLOST Fund | Joint Development Authority |
|---|---|---|---|
| Cash and cash equivalents | $ 2,418,268 | $ 2,842,614 | $ 234,250 |
| Taxes receivable | 366,937 | - | - |
| Accounts receivable | 103,239 | - | 497,876 |
| Due from other governments | 124,498 | 153,926 | - |
| Due from other funds | 85,882 | - | 27,298 |
| Prepaid items | 218,696 | - | - |
| Total assets | $ 3,317,520 | $ 2,996,540 | $ 759,424 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)** | | | |
| **LIABILITIES** | | | |
| Accounts payable | $ 443,794 | $ 20,716 | $ 1,444,072 |
| Accrued liabilities | 151,697 | - | - |
| Due to other funds | 46,169 | 113,180 | 384,572 |
| Due to other governments | - | 100,091 | - |
| Short-term note payable | - | - | 401,183 |
| Total liabilities | 641,660 | 233,987 | 2,229,827 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Unavailable revenue - property taxes | 330,023 | - | - |
| Unavailable revenue - E911 revenue | - | - | - |
| Total deferred inflows of resources | 330,023 | - | - |
| **FUND BALANCES** | | | |
| Fund balances: | | | |
| Nonspendable for prepaids | 218,696 | - | - |
| Restricted for: | | | |
| Public safety | - | - | - |
| Housing and development | - | - | - |
| Capital projects | - | 2,762,553 | - |
| Unassigned | 2,127,141 | - | (1,470,403) |
| Total fund balances (deficit) | 2,345,837 | 2,762,553 | (1,470,403) |
| Total liabilities, deferred inflows of resources and fund balances | $ 3,317,520 | $ 2,996,540 | $ 759,424 |

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.

Net position of governmental activities

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

| Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|
| $ 450,743 | $ 5,945,875 |
| - | 366,937 |
| 150,327 | 751,442 |
| 53,769 | 332,193 |
| 430,741 | 543,921 |
| - | 218,696 |
| $ 1,085,580 | $ 8,159,064 |
| | |
| $ 1,130 | $ 1,909,712 |
| 13,330 | 165,027 |
| - | 543,921 |
| - | 100,091 |
| - | 401,183 |
| 14,460 | 3,119,934 |
| | |
| - | 330,023 |
| 121,785 | 121,785 |
| 121,785 | 451,808 |
| | |
| - | 218,696 |
| 182,125 | 182,125 |
| 525,599 | 525,599 |
| 241,611 | 3,004,164 |
| - | 656,738 |
| 949,335 | 4,587,322 |
| $ 1,085,580 | |
| | |
| | 17,071,591 |
| | 330,023 |
| | (6,492,181) |
| | 23,527 |
| | (47,035) |
| | $ 15,473,247 |

# JEFF DAVIS COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | General Fund | SPLOST Fund | Joint Development Authority |
|---|---|---|---|
| **REVENUES** | | | |
| Property taxes | $ 4,270,334 | $ - | $ - |
| Sales taxes | 1,142,418 | 1,904,029 | - |
| Other taxes | 602,994 | - | - |
| Licenses and permits | 59,113 | - | - |
| Intergovernmental | 95,077 | - | 500,000 |
| Charges for services | 1,174,566 | - | - |
| Court fees, fines and forfeitures | 408,284 | - | - |
| Interest | 665 | 6,648 | 15,342 |
| Leases | - | - | 257,338 |
| Other | 226,234 | - | - |
| Total revenues | 7,979,685 | 1,910,677 | 772,680 |
| **EXPENDITURES** | | | |
| Current: | | | |
| General government | 1,439,572 | - | - |
| Judicial | 1,093,181 | - | - |
| Public safety | 3,070,879 | - | - |
| Public works | 1,316,035 | - | - |
| Health and welfare | 135,499 | - | - |
| Culture and recreation | 524,773 | - | - |
| Housing and development | 113,349 | - | 685,599 |
| Intergovernmental | - | 628,414 | - |
| Capital outlay | - | 550,054 | 2,598,942 |
| Debt service: | | | |
| Principal | 37,247 | 310,568 | 248,742 |
| Interest | 2,541 | 30,290 | 110,258 |
| Issuance costs | - | - | 200 |
| Total expenditures | 7,733,076 | 1,519,326 | 3,643,741 |
| Excess (deficiency) of revenues over (under) expenditures | 246,609 | 391,351 | (2,871,061) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers in | 534,999 | - | 248,843 |
| Transfers out | (246,678) | (719,837) | - |
| Proceeds from sale of capital assets | 63,399 | 14,100 | - |
| Proceeds from capital lease | - | 245,420 | - |
| Proceeds from the issuance of bonds | - | - | 875,596 |
| Total other financing sources (uses) | 351,720 | (460,317) | 1,124,439 |
| Net change in fund balances | 598,329 | (68,966) | (1,746,622) |
| **FUND BALANCES, beginning of year** | 1,747,508 | 2,831,519 | 276,219 |
| **FUND BALANCES (DEFICIT), end of year** | $ 2,345,837 | $ 2,762,553 | $ (1,470,403) |

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

| Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|
| $ - | $ 4,270,334 |
| - | 3,046,447 |
| - | 602,994 |
| - | 59,113 |
| 1,055,543 | 1,650,620 |
| 194,135 | 1,368,701 |
| - | 408,284 |
| 10,618 | 33,273 |
| - | 257,338 |
| - | 226,234 |
| 1,260,296 | 11,923,338 |
| | |
| - | 1,439,572 |
| - | 1,093,181 |
| 1,056,355 | 4,127,234 |
| - | 1,316,035 |
| - | 135,499 |
| - | 524,773 |
| 19,961 | 818,909 |
| - | 628,414 |
| 527,720 | 3,676,716 |
| | |
| - | 596,557 |
| - | 143,089 |
| - | 200 |
| 1,604,036 | 14,500,179 |
| | |
| (343,740) | (2,576,841) |
| | |
| 225,740 | 1,009,582 |
| (43,067) | (1,009,582) |
| - | 77,499 |
| - | 245,420 |
| - | 875,596 |
| 182,673 | 1,198,515 |
| (161,067) | (1,378,326) |
| 1,110,402 | 5,965,648 |
| $ 949,335 | $ 4,587,322 |

# JEFF DAVIS COUNTY, GEORGIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | $ | (1,378,326) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | | 1,973,609 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. | | (259,680) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | 273,229 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | (56,012) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | 132,455 |
| | $ | 685,275 |

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

# JEFF DAVIS COUNTY, GEORGIA

## GENERAL FUND
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Budget | | | Variance With |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **REVENUES** | | | | |
| Property taxes | $ 4,309,300 | $ 4,309,300 | $ 4,270,334 | $ (38,966) |
| Sales taxes | 1,100,000 | 1,100,000 | 1,142,418 | 42,418 |
| Other taxes | 560,500 | 560,500 | 602,994 | 42,494 |
| Licenses and permits | 74,000 | 74,000 | 59,113 | (14,887) |
| Intergovernmental | 45,000 | 45,000 | 95,077 | 50,077 |
| Charges for services | 1,118,900 | 1,118,900 | 1,174,566 | 55,666 |
| Fines and forfeitures | 354,500 | 354,500 | 408,284 | 53,784 |
| Interest | 2,500 | 2,500 | 665 | (1,835) |
| Other | 193,750 | 193,750 | 226,234 | 32,484 |
| Total revenues | 7,758,450 | 7,758,450 | 7,979,685 | 221,235 |
| **EXPENDITURES** | | | | |
| **Current:** | | | | |
| **General government:** | | | | |
| Board of elections | 172,567 | 172,567 | 98,114 | 74,453 |
| Administration | 1,194,294 | 1,194,294 | 969,615 | 224,679 |
| Tax commissioner | 214,391 | 214,391 | 211,138 | 3,253 |
| Tax assessors | 221,389 | 221,389 | 160,705 | 60,684 |
| Total general government | 1,802,641 | 1,802,641 | 1,439,572 | 363,069 |
| **Judicial:** | | | | |
| Superior court | 210,100 | 210,100 | 249,412 | (39,312) |
| Clerk of court | 246,129 | 246,129 | 253,568 | (7,439) |
| State court | 118,197 | 118,197 | 135,973 | (17,776) |
| Magistrate court | 225,522 | 225,522 | 250,592 | (25,070) |
| Probate court | 137,440 | 137,440 | 130,324 | 7,116 |
| Juvenile court | 65,842 | 65,842 | 73,312 | (7,470) |
| Total judicial | 1,003,230 | 1,003,230 | 1,093,181 | (89,951) |
| **Public safety:** | | | | |
| Sheriff | 1,273,336 | 1,273,336 | 1,188,271 | 85,065 |
| Jail | 654,315 | 654,315 | 669,494 | (15,179) |
| Fire | 171,550 | 171,550 | 218,154 | (46,604) |
| Emergency medical services | 790,670 | 790,670 | 817,288 | (26,618) |
| Coroner | 96,591 | 96,591 | 124,632 | (28,041) |
| Emergency management | 41,317 | 41,317 | 53,040 | (11,723) |
| Total public safety | 3,027,779 | 3,027,779 | 3,070,879 | (43,100) |
| **Public works:** | | | | |
| Highways and streets | 859,638 | 859,638 | 947,204 | (87,566) |
| Solid waste collection | 332,455 | 332,455 | 368,831 | (36,376) |
| Total public works | 1,192,093 | 1,192,093 | 1,316,035 | (123,942) |

**(Continued)**

# JEFF DAVIS COUNTY, GEORGIA

## GENERAL FUND
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Budget Original | Budget Final | Actual | Variance With Final Budget |
|---|---|---|---|---|
| **EXPENDITURES (Continued)** | | | | |
| **Current (Continued):** | | | | |
| **Health and welfare:** | | | | |
| Health | $ 108,677 | $ 108,677 | $ 130,551 | $ (21,874) |
| Welfare | 11,000 | 11,000 | 4,948 | 6,052 |
| Total health and welfare | 119,677 | 119,677 | 135,499 | (15,822) |
| **Culture and recreation:** | | | | |
| Recreation | 451,438 | 451,438 | 481,070 | (29,632) |
| Libraries | 45,700 | 45,700 | 43,703 | 1,997 |
| Total culture and recreation | 497,138 | 497,138 | 524,773 | (27,635) |
| **Housing and development:** | | | | |
| Community development | 63,892 | 63,892 | 113,349 | (49,457) |
| Total housing and development | 63,892 | 63,892 | 113,349 | (49,457) |
| **Debt service:** | | | | |
| Principal | - | - | 37,247 | (37,247) |
| Interest | - | - | 2,541 | (2,541) |
| Total debt service | - | - | 39,788 | (39,788) |
| Total expenditures | 7,706,450 | 7,706,450 | 7,733,076 | (26,626) |
| Excess of revenues over expenditures | 52,000 | 52,000 | 246,609 | 194,609 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 250,000 | 250,000 | 534,999 | 284,999 |
| Transfers out | (314,000) | (314,000) | (246,678) | 67,322 |
| Proceeds from sale of capital assets | 12,000 | 12,000 | 63,399 | 51,399 |
| Total other financing sources (uses) | (52,000) | (52,000) | 351,720 | 403,720 |
| Net change in fund balances | - | - | 598,329 | 598,329 |
| **FUND BALANCES, beginning of year** | 1,747,508 | 1,747,508 | 1,747,508 | - |
| **FUND BALANCES, end of year** | $ 1,747,508 | $ 1,747,508 | $ 2,345,837 | $ 598,329 |

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

# JEFF DAVIS COUNTY, GEORGIA

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
## FIDUCIARY FUNDS
## JUNE 30, 2015

| | | Agency Funds |
|---|---|---|
| **ASSETS** | | |
| Cash | $ | 863,306 |
| Taxes receivable | | 328,654 |
| Total assets | $ | 1,191,960 |
| **LIABILITIES** | | |
| Due to others | $ | 863,306 |
| Uncollected taxes | | 328,654 |
| Total liabilities | $ | 1,191,960 |

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

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jeff Davis County, Georgia (the “County”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Auditing Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

### A. Reporting Entity

Jeff Davis County, Georgia (the “County”) was created by a legislative act in the State of Georgia in 1905. The County operates under the county commission form of government and provides the following government services: general government services, judiciary, public safety, public works, culture and recreation, community development, and health and welfare.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County’s reporting entity because of the significance of their operational and financial relationships with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 14, as amended by Statements No. 39 and 61, the financial statements of the component units are appropriately presented in the government-wide financial statements.

**Blended Component Unit**

**Joint Development Authority of Jeff Davis County, Hazlehurst, and Denton (the “Development Authority”)** is responsible for encouraging economic development within the County. The Development Authority’s budget is approved by Jeff Davis County. The Development Authority is fiscally dependent upon the County due to the fact that the Development Authority has received operating subsidies from the County for several years, and thus a pattern of financial burden upon the County has been established. The County has contractually obligated itself to use its taxing powers to guarantee repayment of principal and interest on certain revenue bonds issued by the Development Authority. SPLOST receipts are used for industry assistance in order to create jobs. There are no separately issued financial statements available for the Development Authority.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### A. Reporting Entity (Continued)

**Discretely Presented Component Unit**

**Jeff Davis County Board of Health (the "Board of Health")** provides public health services to the residents of Jeff Davis County under a contract with the Georgia Department of Human Resources. Although the County does not have the authority to approve or modify the budget of the Board of Health, the County is obligated to provide financial support to them. The Board of Health has a June 30th year-end. The Health Department's financial statements have been prepared separately and can be obtained by writing to the Jeff Davis County Board of Health, 30 E. Sycamore Street, Hazlehurst, Georgia 31539.

### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements (agency funds do not have a measurement focus, but use the accrual basis of accounting). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The ***General Fund*** is the County'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 general fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Georgia.

The ***Special Purpose Local Option Sales Tax Fund*** accounts for the special purpose local option sales tax. The County is using the taxes for the following approved projects:

- Roads, streets, and bridges
- Hospital improvements
- Recreation facilities and equipment
- Public safety equipment
- Joint Development Authority
- New jail and jail improvements
- Airport improvements
- Public building renovations

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The ***Joint Development Authority Fund*** accounts for the financial resources provided and subsequently expended from the operations of the Development Authority.

Additionally, the County reports the following fund types:

The ***Special Revenue Funds*** account for specific revenues that are legally restricted to expenditures for particular purposes.

The ***Capital Project Funds*** are used for the acquisition or construction of capital facilities.

The ***Agency Funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals. Agency funds account for Tax Commissioner, Magistrate Court, Probate Court, Clerk of Court, County Court Service Fund, and Sheriff.

Amounts reported as *program revenues* include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

### D. Cash, Cash Equivalents and Investments

The County and the Board of Health's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County and the Board of Health to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the Georgia Fund 1. Investments, if any, are stated at fair value.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds".

### F. Prepaid Items

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

### G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The County has retroactively reported major general infrastructure assets. In this case, the County chose to include all items regardless of their acquisition date. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight-line method over the following useful lives:

| Asset Category | Years |
|---|---|
| Land improvements | 3-10 |
| Buildings and improvements | 30 |
| Machinery and equipment | 3-10 |
| Furniture and fixtures | 3-10 |
| Infrastructure | 30 |

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### H. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. The County has deferred outflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County reports two items in this category. The first arises only under the modified accrual basis of accounting. Accordingly, these unavailable revenues are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and E911 revenues, which will be recognized as an inflow of resources in the period in which the amounts become available. Additionally, the difference between projected and actual earnings on pension plan investments and the difference between employer contributions and the proportionate share of contributions related to the Board of Health's pension plan are reported as deferred inflows of resources.

### I. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Association County Commissioners of Georgia Jeff Davis County Defined Benefit Plan (The Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### J. Long-Term Obligations (Continued)

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

### K. Compensated Absences

Unused vacation leave, not to exceed 360 hours, is paid when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. There is no liability for unpaid accumulated sick leave since the payment of benefits is contingent upon the future illness of an employee.

### L. Fund Equity

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

***Fund Balance –*** Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. 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 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) 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### L. Fund Equity (Continued)

***Fund Balance (Continued)***

- ***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. Only the Board of Commissioners may modify or rescind the commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners assigns amounts to be used for specific purposes. The policy for reporting fund balances as assigned is strictly determined by the Board of Commissioners upon determination of specific use.

- ***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 funds.

***Flow Assumptions*** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

***Net Position*** – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### M. Use of Estimates

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

## NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

### A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $6,492,181 difference are as follows:

| | |
|---|---|
| Capital leases payable | $ (763,265) |
| Revenue bonds payable | (2,441,461) |
| Notes payable | (769,231) |
| Landfill postclosure costs | (2,046,842) |
| Net pension liability | (328,874) |
| Compensated absences | (142,508) |
| Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities* | $ (6,492,181) |

## NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

### B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $1,973,609 difference are as follows:

| | | |
|---|---|---|
| Capital outlay | $ | 3,291,043 |
| Depreciation expense | | (1,317,434) |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities* | $ | 1,973,609 |

Another element of the reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $56,012 difference are as follows:

| | | |
|---|---|---|
| Debt issuance: | | |
| Capital lease proceeds | $ | (245,420) |
| Revenue bond proceeds | | (875,596) |
| Principal repayments: | | |
| Capital leases | | 376,361 |
| Revenue bonds payable | | 163,000 |
| Notes payable | | 411,850 |
| Landfill postclosure costs | | 113,793 |
| Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities* | $ | (56,012) |

## NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

### B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $132,455 difference are as follows:

| | | |
|---|---|---|
| Compensated absences | $ | 55,076 |
| Accrued interest | | (19,578) |
| Net pension liability netted with related deferred outflows of resources | | 96,957 |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities* | $ | 132,455 |

## NOTE 3. LEGAL COMPLIANCE – BUDGETS

### A. Budgets and Budgetary Accounting

The County adopts an annual operating budget for the general fund. A project budget is adopted for each capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental funds budgets are adopted on a basis consistent with GAAP, except that outstanding encumbrances at year-end are reported as budgetary expenditures. There were no outstanding encumbrances as of June 30, 2015.

All unexpended, unencumbered annual appropriations lapse at year-end. Encumbered appropriations are carried forward to the subsequent year automatically (i.e. no action is required by the Board of Commissioners).

The level of budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

1. The County Administrator may transfer funds from one object or purpose to another within the same department.
2. The Board of Commissioners may amend the budget by motion during the fiscal year.

## NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

### A. Budgets and Budgetary Accounting (Continued)

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

### B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2015, expenditures exceeded budget, as follows:

| | | |
|---|---|---|
| General Fund: | | |
| Superior court | $ | 39,312 |
| Clerk of court | | 7,439 |
| State court | | 17,776 |
| Magistrate court | | 25,070 |
| Juvenile court | | 7,470 |
| Jail | | 15,179 |
| Fire | | 46,604 |
| Emergency medical services | | 26,618 |
| Coroner | | 28,041 |
| Emergency management | | 11,723 |
| Highways and streets | | 87,566 |
| Solid waste collection | | 36,376 |
| Health | | 21,874 |
| Recreation | | 29,632 |
| Community development | | 49,457 |

The over-expenditures in the General Fund were funded by under-expenditures in other departments and unanticipated revenue.

## NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2015 are summarized as follows:

| | | |
|---|---|---|
| **Balances per Statement of Net Position:** | | |
| Cash and cash equivalents - Primary government | $ | 5,945,875 |
| Cash - Agency funds | | 863,306 |
| | $ | 6,809,181 |
| **Balances by type:** | | |
| Cash deposited with financial institutions | $ | 6,809,181 |
| | $ | 6,809,181 |

**Credit Risk.** State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County has no formal credit risk policy other than to only invest in obligations authorized by the State of Georgia. As of June 30, 2015, the County held no investments.

**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.

**Custodial Credit Risk – Deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2015, all of the deposits of the County and its discretely presented component unit were properly insured and collateralized as required by the Official Code of Georgia.

## NOTE 5. RECEIVABLES

Receivables at June 30, 2015 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

| | General | SPLOST | Joint Development Authority |
|---|---|---|---|
| Receivables: | | | |
| Taxes | $ 366,937 | $ - | $ - |
| Accounts | 421,111 | - | 1,259,876 |
| Due from other governments | 124,498 | 153,926 | - |
| Gross receivables | 912,546 | 153,926 | 1,259,876 |
| Less allowance for uncollectibles | 317,872 | - | 762,000 |
| Net total receivables | $ 594,674 | $ 153,926 | $ 497,876 |

| | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|
| Receivables: | | |
| Taxes | $ - | $ 366,937 |
| Accounts | 150,327 | 1,831,314 |
| Due from other governments | 53,769 | 332,193 |
| Gross receivables | 204,096 | 2,530,444 |
| Less allowance for uncollectibles | - | 1,079,872 |
| Net total receivables | $ 204,096 | $ 1,450,572 |

Property taxes were levied on September 19, 2014. Bills were payable on or before December 20, 2014, after which the applicable property is subject to lien and penalties and interest are assessed. Property taxes are attached as an enforceable lien on property as of December 20, 2014. The County bills and collects its own property taxes. Property taxes levied for 2014 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2015 and collected by August 31, 2015 are recognized as revenues in the year ended June 30, 2015. Net receivables estimated to be collected subsequent to August 31, 2015 are deferred as of June 30, 2015 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

## NOTE 6. CAPITAL ASSETS

### A. Primary Government

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land | $ 2,142,014 | $ - | $ (28,202) | $ - | $ 2,113,812 |
| Constuction in progress | - | 2,265,747 | - | - | 2,265,747 |
| Total | 2,142,014 | 2,265,747 | (28,202) | - | 4,379,559 |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 609,401 | - | (35,860) | - | 573,541 |
| Buildings and improvements | 13,053,965 | 315,195 | (28,994) | - | 13,340,166 |
| Machinery and equipment | 7,321,301 | 710,101 | (999,837) | - | 7,031,565 |
| Infrastucture | 3,093,388 | - | - | - | 3,093,388 |
| Total | 24,078,055 | 1,025,296 | (1,064,691) | - | 24,038,660 |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (254,457) | (33,924) | 15,544 | - | (272,837) |
| Buildings and improvements | (4,541,328) | (390,334) | 11,968 | - | (4,919,694) |
| Machinery and equipment | (5,272,935) | (686,919) | 805,701 | - | (5,154,153) |
| Infrastructure | (793,687) | (206,257) | - | - | (999,944) |
| Total | (10,862,407) | (1,317,434) | 833,213 | - | (11,346,628) |
| Total capital assets, being depreciated, net | 13,215,648 | (292,138) | (231,478) | - | 12,692,032 |
| Total capital assets, net | $ 15,357,662 | $ 1,973,609 | $ (259,680) | $ - | $ 17,071,591 |

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

| | |
|---|---|
| Governmental Activities: | |
| General government | $ 390,783 |
| Judicial | 6,981 |
| Public safety | 400,539 |
| Public works | 238,999 |
| Culture and recreation | 100,823 |
| Housing and development | 179,309 |
| Total depreciation expense - governmental activities | $ 1,317,434 |

## NOTE 6. CAPITAL ASSETS (CONTINUED)

### B. Discretely Presented Component Unit – Board of Health

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | $ 77,072 | $ - | $ - | $ 77,072 |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (75,139) | (1,575) | - | (76,714) |
| Total capital assets, net | $ 1,933 | $ (1,575) | $ - | $ 358 |

## NOTE 7. SHORT-TERM DEBT

**Line of Credit.** On December 31, 2014, the County obtained a line of credit from a financial institution to enter into a capital lease agreement with an approved limit of $315,195. The line of credit has a variable interest rate, which is 83% of the prime rate with interest due monthly and principal due on January 1, 2016.

On March 28, 2008, the Development Authority obtained a line of credit from a financial institution to assist a local business for expansion with an approved limit of $150,170. The line of credit was renewed December 31, 2014 with an interest rate of 4.0%, with interest due monthly and principal due on December 31, 2015. The principal balance was $85,988 as of June 30, 2015.

The following is a summary of short-term debt transactions for the County for the year ended June 30, 2015:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| Lines of credit | 50,200 | 401,183 | (50,200) | 401,183 |
| Total | $ 50,200 | $ 401,183 | $ (50,200) | $ 401,183 |

## NOTE 8. LONG-TERM DEBT

The following is a summary of long-term debt activity for the primary government for the year ended June 30, 2015:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Revenue bonds | $ 1,728,865 | $ 875,596 | $ (163,000) | $ 2,441,461 | $ 174,000 |
| Notes payable | 1,181,081 | - | (411,850) | 769,231 | 225,395 |
| Capital leases | 894,206 | 245,420 | (376,361) | 763,265 | 163,236 |
| Compensated absences | 197,584 | 125,066 | (180,142) | 142,508 | 71,254 |
| Net Pension Liability | 402,304 | 385,063 | (458,493) | 328,874 | - |
| Landfill postclosure costs | 2,160,635 | 146,203 | (259,996) | 2,046,842 | 117,693 |
| Governmental activities Long-term liabilities | $ 6,564,675 | $ 1,777,348 | $ (1,849,842) | $ 6,492,181 | $ 751,578 |

Compensated absences and landfill postclosure costs are generally liquidated by the General Fund.

**Revenue Bonds.** The County issues bonds where the County pledges revenues derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2015 are as follows:

| Purpose | Interest Rate | Term | Due Date | Original Amount | Outstanding Amount |
|---|---|---|---|---|---|
| Series 2004A | 6.85% | 15 years | 2019 | $ 1,732,000 | $ 570,000 |
| Series 2014A | 4.40% | 15 years | 2029 | 1,250,363 | 1,250,363 |
| Series 2014B | 4.40% | 15 years | 2029 | 621,098 | 621,098 |
| | | | | | $ 2,441,461 |

The Series 2004A bonds have debt service requirements as follows:

| Fiscal year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2016 | $ 174,000 | $ 33,086 | $ 207,086 |
| 2017 | 186,000 | 20,755 | 206,755 |
| 2018 | 198,000 | 7,603 | 205,603 |
| 2019 | 12,000 | 411 | 12,411 |
| Total | $ 570,000 | $ 61,855 | $ 631,855 |

## NOTE 8. LONG-TERM DEBT (CONTINUED)

**Revenue Bonds (Continued).** The Series 2014A and 2014B bonds have a total value of $1,666,666 and $833,333, respectively, available for draw down, of which $1,250,363 and $621,098, respectively had been drawn as of June 30, 2015. The Series 2014A and 2014B bonds are subject to scheduled principal payments commencing on February 1, 2020, and on each February 1 thereafter through and including the final maturing date of February 1, 2029, in an amount equal to one-tenth of the outstanding principal balance of the bonds as of February 1, 2020. Therefore, a maturity schedule will be determined after all draws have been made, and thus amounts for the 2014A and 2014B bonds have been excluded from the preceding maturity schedule.

**Notes Payable.** The County has also incurred debt to various entities including One Georgia and financial institutions to finance the purchase or construction of various assets. Notes payable outstanding at June 30, 2015 are as follows:

| Purpose | Interest Rate | Term | Due Date | Original Amount | Outstanding Amount |
|---|---|---|---|---|---|
| McPherson manufacturing facility roof | 3.00% | 8 years | 2017 | $ 500,000 | $ 102,715 |
| Broxton road project | 2.69% | 6 years | 2018 | 800,500 | 362,238 |
| Agriculture processing facility expansion | 3.00% | 20 years | 2028 | 440,948 | 304,278 |
| | | | | | $ 769,231 |

The County's notes payable debt service requirements to maturity are as follows:

| Fiscal year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2016 | $ 225,395 | $ 19,568 | $ 244,963 |
| 2017 | 196,536 | 13,285 | 209,821 |
| 2018 | 106,038 | 8,596 | 114,634 |
| 2019 | 22,292 | 6,989 | 29,281 |
| 2020 | 22,969 | 6,312 | 29,281 |
| 2021-2025 | 125,729 | 20,676 | 146,405 |
| 2026-2030 | 70,272 | 2,931 | 73,203 |
| Total | $ 769,231 | $ 78,357 | $ 847,588 |

## NOTE 8. LONG-TERM DEBT (CONTINUED)

**Capital Leases.** The County has entered into various lease agreements as lessee for financing the acquisition of various items of equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions.

The cost of assets under capital leases as of June 30, 2015:

| | | Governmental Activities |
|---|---|---|
| Machinery and equipment | $ | 1,120,452 |
| Less accumulated depreciation | | (390,294) |
| Carrying value | $ | 730,158 |

Current year depreciation expense of assets under capital lease totaled $212,433.

The County's total capital lease debt service requirements to maturity are as follows:

| | | |
|---|---|---|
| Fiscal year ending June 30, | | |
| 2016 | $ | 181,734 |
| 2017 | | 333,338 |
| 2018 | | 232,899 |
| 2019 | | 51,067 |
| Total minimum lease payments | | 799,038 |
| Less amount representing interest | | 35,773 |
| Present value of future minimum lease payments | $ | 763,265 |

**Landfill Postclosure Costs.** Effective October 27, 1999, Jeff Davis County closed its landfill and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. As of June 30, 2015, the County has a remaining 14 years of monitoring. Engineering studies estimate postclosure costs of approximately $2,046,842 over the 14-year period. These costs are based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2015. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

## NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| Joint Development Authority Fund | SPLOST Fund | $ 27,298 |
| General Fund | SPLOST Fund | 85,882 |
| Nonmajor Governmental Funds | General Fund | 46,169 |
| Nonmajor Governmental Funds | Joint Development Authority Fund | 384,572 |
| | | $ 543,921 |

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Primarily, balances are attributed to expenditures paid by the General Fund to be reimbursed by the funds for which the expenditures benefit.

Interfund transfers:

| Transfers In | Transfers Out | Amount |
|---|---|---|
| General Fund | SPLOST Fund | $ 534,994 |
| General Fund | Nonmajor Governmental Funds | 5 |
| Joint Development Authority Fund | General Fund | 64,000 |
| Joint Development Authority Fund | SPLOST Fund | 184,843 |
| Nonmajor Governmental Funds | General Fund | 182,678 |
| Nonmajor Governmental Funds | Nonmajor Governmental Funds | 43,062 |
| | | $ 1,009,582 |

Transfers are used to (1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## NOTE 10. DEFINED BENEFIT PENSION PLAN

### A. Primary Government

### Plan Description

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, The Jeff Davis County Defined Benefit Plan (the Plan), covering substantially all of the County's employees. The County's pension plan is administered through the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp and affiliated with the Association of County Commissioners of Georgia (ACCG). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Plan benefits are provided for Plan participants who were participants in the Plan before January 1, 2004 whereby retirees receive between 1% and 1.75% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. Plan benefits are provided for Plan participants who were participants in the Plan on or after January 1, 2004 whereby retirees receive 1% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at www.gebcorp.com or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

*Plan Membership.* As of January 1, 2014, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

| | |
|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 30 |
| Inactive plan members entitled to but not receiving benefits | 51 |
| Active plan members | 60 |
| | 141 |

## NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

### A. Primary Government (Continued)

### Plan Description (Continued)

*Contributions*. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of the ACCG Plan has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the County Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. No contributions are made by plan participants. For the year ended June 30, 2015, the County's contribution rate was 10.0% of annual payroll. County contributions to the Plan were $194,351 for the year ended June 30, 2015.

### Net Pension Liability of the County

Effective July 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* which significantly changed the County's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The County's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2014.

*Actuarial Assumptions*. The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.00% |
| Salary increases | 3.5% - 5.5%, including inflation |
| Investment rate of return | 7.5%, net of pension plan investment expense, including inflation |

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for December 31, 2013.

## NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

### A. Primary Government (Continued)

### Net Pension Liability of the County (Continued)

*Actuarial Assumptions (Continued)*. The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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, 2014 are summarized in the following table:

| Asset class | Target allocation | Long-term expected real rate of return* |
|---|---|---|
| Fixed income | 30% | 6.78 % |
| Large cap equity | 30% | 9.77 |
| International equity | 15% | 7.48 |
| Other equity | 20% | 9.23 |
| Real estate | 5% | 10.63 |
| Total | 100% | |

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

*Discount Rate*. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made based on the average County contribution made to the Plan over the prior five years. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

## NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

### A. Primary Government (Continued)

### Net Pension Liability of the County (Continued)

*Changes in the Net Pension Liability of the County*. The changes in the components of the net pension liability of the County for the year ended June 30, 2015, were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|---|---|---|
| Balances at June 30, 2014 | $ 3,917,529 | $ 3,515,225 | $ 402,304 |
| *Changes for the year:* | | | |
| Service cost | 56,716 | - | 56,716 |
| Interest | 286,283 | - | 286,283 |
| Contributions-employer | - | 194,351 | (194,351) |
| Net investment income | - | 256,611 | (256,611) |
| Benefit payments, including refunds of employee contributions | (200,839) | (200,839) | - |
| Administrative expense | - | (12,661) | 12,661 |
| Other changes | - | (21,872) | 21,872 |
| *Net changes* | 142,160 | 215,590 | (73,430) |
| Balances at June 30, 2015 | $ 4,059,689 | $ 3,730,815 | $ 328,874 |

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

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

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|---|---|---|
| County's net pension liability | $ 841,166 | $ 328,874 | $ (97,672) |

## NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

### A. Primary Government (Continued)

### Net Pension Liability of the County (Continued)

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued)*. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2014 and the current sharing pattern of costs between employer and employee.

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the County recognized pension expense of $97,393. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources |
|---|---|
| Net invesment income | $ 6,145 |
| Other changes in assumptions | 17,382 |
| Total | $ 23,527 |

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

| | |
|---|---|
| Year ending June 30: | |
| 2016 | $ 5,882 |
| 2017 | 5,882 |
| 2018 | 5,882 |
| 2019 | 5,881 |
| 2020 | - |
| Thereafter | - |
| Total | $ 23,527 |

## NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

### B. Board of Health – Component Unit

### Plan Description

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

### Benefits Provided

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

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

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

## NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

### B. Board of Health – Component Unit (Continued)

### Contributions

Employees are required to pay 1.25% of gross earnings to the retirement account and .25% of gross earnings to the GTLI premiums except for employees covered by the new GSEPS plan that was effective January 1, 2009. The GSEPS plan employees contribute 1.25% of their gross pay and are not eligible for the GTLI. GSEPS participants are also eligible to participate in a 401K Plan with employer match contributions based on employee contributions. The Jeff Davis County Board of Health makes annual contributions to the pension plan equal to the amount required as set by the Board of Trustees of the ERS as determined by the system's actuary. Employer contributions amounted to 13.71%, 18.46% and 15.18% of covered compensation for the fiscal year for participants in the Old, New and GSEPS Plan respectively for the year ended June 30, 2015. Employer contributions made for the year ended June 30, 2015 totaled $52,185.

### Pension Liabilities and Pension Expense

At fiscal year end, the Board of Health reported $405,817 as a liability for its proportionate share of the net pension liabilities.

The Board of Health's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Board of Health's proportion of the net pension liability was based on a projection of the Board of Health's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Board of Health's proportionate share of the net pension liability as of June 30, 2013 and 2014 was as follows:

| | |
|---|---|
| Proportion – June 30, 2013 | .011302% |
| Proportion – June 30, 2014 | .010820% |

## NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

### B. Board of Health – Component Unit (Continued)

### Pension Liabilities and Pension Expense (Continued)

For the year ended June 30, 2015, the Board of Health recognized pension expense of $15,788. At June 30, 2015 the Board of Health reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Net difference between projected and actual earnings on pension plan investments | $ - | $ 99,047 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 14,394 |
| Employer contributions subsequent to the measurement date | 50,471 | - |
| Total | $ 50,471 | $ 113,441 |

The $50,471 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| | |
|---|---|
| Year ending June 30: | |
| 2016 | $ 33,758 |
| 2017 | 30,160 |
| 2018 | 24,762 |
| 2019 | 24,761 |
| 2020 | - |
| Thereafter | - |
| Total | $ 113,441 |

## NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

### B. Board of Health – Component Unit (Continued)

### Actuarial Assumptions

The total pension liability as of June 30, 2015 was determined by an actuarial valuation as of June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.00% |
| Salary increases | 5.45% - 9.25% |
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.50%.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate:

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|---|---|---|
| Board of Health's proportionate share of the net pension liability | $ 591,761 | $ 405,817 | $ 247,535 |

## NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

The County provides post-retirement health care benefits, as per the requirements of a resolution, for certain retirees. The provisions and obligations to contribute are established and may be amended by the Jeff Davis County Board of Commissioners. As of June 30, 2015, six employees were receiving the benefit of remaining in the County health insurance plan. The County also pays a portion of the employee's health insurance premium. While this is considered an OPEB by GASB Statement No. 45, the value of the benefit is immaterial to the County's financial statements.

## NOTE 12. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and losses resulting from providing accident and health benefits to employees, retirees, and their dependents.

Through the Georgia Municipal Association, the County holds membership in Georgia Interlocal Risk Management Agency (GIRMA). GIRMA exists by authority of the Official Code of Georgia (OCGA), and participates in risk sharing arrangements among Georgia county governments. Members jointly self-insure the risks of general liability, motor vehicle liability, property damage or any combination of such risks. Coverages are subject to a $1,000 deductible per occurrence.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the County became a member of the Association County Commissioners of Georgia – Self-Insurance Workers' Compensation Fund. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

The fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations, or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

## NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

### Litigation

The County is involved in several pending lawsuits. Also, the Joint Development Authority has filed suit against certain entities and individuals to recover funds received from the Authority through fraudulent means. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

### Grant Contingencies

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the County believes such disallowances, if any, will not be significant.

### Contractual Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2015, the County has contractual commitments on uncompleted construction contracts of approximately $1,442,447.

## NOTE 14. JOINT VENTURES

Under Georgia law, the County, in conjunction with other cities and counties in the seventeen county area district, is a member of the Heart of Georgia/Altamaha Regional Commission and is required to pay annual dues thereto. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-391 provides that the member governments are liable for any debts or obligations of the Regional Commission. The total paid to the Regional Commission for fiscal year 2015 was $10,842.

Information concerning the financial statements may be obtained from the Heart of Georgia/Altamaha Regional Commission, 501 Oak Street, Eastman, Georgia 31023.

## NOTE 15. CHANGES IN ACCOUNTING PRINCIPLES

### A. Governmental Activities – Entity-Wide Level

As discussed in Note 10 above, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27,* as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. The new standards significantly changed the County and its Component Unit's accounting for pension amounts. As a result of these changes in accounting principles, the County was required to restate beginning net position as shown below:

**Governmental Activities:**

| | | |
|---|---|---|
| Net position, as previously reported | $ | 15,262,097 |
| Restatement for implementation of GASB Statement No. 68: | | |
| Net pension liability as of June 30, 2014 | | (402,304) |
| Removal of previously reported net pension asset, under GASB Statement No. 27 | | (71,821) |
| Net position, as restated | $ | 14,787,972 |

**Board of Health**

| | | |
|---|---|---|
| Net position, as previously reported | $ | 604,595 |
| Restatement for implementation of GASB Statement No. 68: | | |
| Net pension liability as of June 30, 2014 | | (503,471) |
| Net position, as restated | $ | 101,124 |

# REQUIRED SUPPLEMENTARY INFORMATION

# JEFF DAVIS COUNTY, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY
## AND RELATED RATIOS
## FOR THE YEAR ENDED JUNE 30

| | | 2015 |
|---|---|---|
| **Total pension liability** | $ | |
| Service cost | | 56,716 |
| Interest on total pension liability | | 286,283 |
| Benefit payments, including refunds of employee contributions | | (200,839) |
| **Net change in total pension liability** | | 142,160 |
| **Total pension liability - beginning** | | 3,917,529 |
| **Total pension liability - ending (a)** | $ | 4,059,689 |
| **Plan fiduciary net position** | $ | |
| Contributions - employer | | 194,351 |
| Net investment income | | 256,611 |
| Benefit payments, including refunds of employee contributions | | (200,839) |
| Administrative expenses | | (12,661) |
| Other | | (21,872) |
| **Net change in fiduciary net position** | | 215,590 |
| **Plan fiduciary net position - beginning** | | 3,515,225 |
| **Plan fiduciary net position - ending (b)** | $ | 3,730,815 |
| **County's net pension liability - ending (a) - (b)** | $ | 328,874 |
| **Plan fiduciary net position as a percentage of total pension liability** | | 91.9% |
| **Covered-employee payroll** | | 1,938,321 |
| **County's net pension liability as a percentage of covered-employee payroll** | | 17.0% |

**Notes to the Schedule**

The schedule will present 10 years of information once it is accumulated.

# JEFF DAVIS COUNTY, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF COUNTY CONTRIBUTIONS

## FOR THE YEAR ENDED JUNE 30

| | 2015 | 2014 |
|---|---|---|
| Actuarially determined contribution | $ 211,955 | $ 194,351 |
| Contributions in relation to the actuarially determined contribution | 211,955 | 194,351 |
| Contribution deficiency (excess) | $ - | $ - |
| Covered-employee payroll | 2,085,053 | 1,938,321 |
| Contributions as a percentage of covered-employee payroll | 10.2% | 10.0% |

**Notes to the Schedule**

| | |
|---|---|
| Valuation Date | January 1, 2014 |
| Cost Method | Entry Age Normal |
| Actuarial Asset Valuation Method | Smoothed market value with a 5-year smoothing period |
| Assumed Rate of Return On Investmetns | 7.50% |
| Projected Salary Increases | 3.55% - 5.50% (including 3.0% inflation) |
| Amortization Method | Closed level dollar for unfunded liability |
| Remaining Amortization Period | None remaining |

The schedule will present 10 years of information once it is accumulated.

# JEFF DAVIS COUNTY, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
## BOARD OF HEALTH
## FOR THE YEAR ENDED JUNE 30

**Component Unit – Board of Health**

| | | 2015 |
|---|---|---|
| Proportion of net pension liability | | 0.010820% |
| Proportionate share of the net pension liability | $ | 405,817 |
| Covered-employee payroll | $ | 232,019 |
| Proportionate share of the net pension liability as a percentage of its covered-employee payroll | | 174.91% |
| Plan fiduciary net position as a percentage of the total pension liability | | 77.99% |

# JEFF DAVIS COUNTY, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CONTRIBUTIONS
## BOARD OF HEALTH
## FOR THE YEAR ENDED JUNE 30

**Component Unit – Board of Health**

| | | 2015 |
|---|---|---|
| Contractually required contribution | $ | 52,185 |
| Contributions made in relation to the contractually required contribution | | (52,185) |
| Contribution deficit (excess) | $ | - |
| Covered-employee payroll | $ | 232,019 |
| Contributions made as a percentage of covered-employee payroll | | 22.49% |

# NONMAJOR GOVERNMENTAL FUNDS

# JEFF DAVIS COUNTY, GEORGIA

## NONMAJOR GOVERNMENTAL FUNDS

---

### Special Revenue Funds

| | |
|---|---|
| **Community Home Investment Program** | To account for expenditures applicable to the Community HOME Investment Program (CHIP). This program uses a portion of DCA's HOME funds to assist local governments to address the needs of affordable housing development in their communities. CHIP funds may be used to provide down payment assistance or homeowner rehabilitation funding to eligible low and low-moderate income households. |
| **Community Development Block Grant** | To account for expenditures applicable to the Community Development Block Grant. The obligations of this fund are for engineering, street improvements, flood and drainage facilities, contingencies, and administration of the grant. |
| **Revolving Loan** | To account for the activity of the County's Employment Incentive Program (EIP) revolving loan fund. |
| **Emergency 911** | To account for emergency services which are provided to all County taxpayers. Financing is provided through user fees and charges and contributions from the General Fund. |

### Capital Projects Funds

| | |
|---|---|
| **LMIG Fund** | To account for the funds received from the State of Georgia through the local maintenance and improvement grant program and the corresponding capital project expenditures thereof. |
| **Transportation Incentive Act (TIA) SPLOST** | To account for the financial resources provided and subsequently expended from Transportation Special Purpose Local Options Sales Tax receipts. |

# JEFF DAVIS COUNTY, GEORGIA

## COMBINING BALANCE SHEET
## NONMAJOR GOVERNMENTAL FUNDS
## JUNE 30, 2015

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| **ASSETS** | **Community Home Investment Program** | **Community Development Block Grant** | **Revolving Loan** | **Emergency 911** |
| Cash and cash equivalents | $ 5 | $ - | $ 141,022 | $ 121,874 |
| Accounts receivable | - | - | - | 150,327 |
| Due from other governments | - | - | - | - |
| Due from other funds | - | - | 384,572 | 46,169 |
| Total assets | $ 5 | $ - | $ 525,594 | $ 318,370 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | | | | |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ - | $ - | $ 1,130 |
| Accrued liabilities | - | - | - | 13,330 |
| Total liabilities | - | - | - | 14,460 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Unavailable revenue - E911 charges | - | - | - | 121,785 |
| Total deferred inflows of resources | - | - | - | 121,785 |
| **FUND BALANCES** | | | | |
| Restricted for: | | | | |
| Public safety | - | - | - | 182,125 |
| Housing and development | 5 | - | 525,594 | - |
| Capital projects | - | - | - | - |
| Total fund balance | 5 | - | 525,594 | 182,125 |
| Total liabilities, deferred inflows of resources and fund balances | $ 5 | $ - | $ 525,594 | $ 318,370 |

| Capital Projects Funds | | |
|---|---|---|
| **LMIG Fund** | **TIA SPLOST Fund** | **Nonmajor Governmental Funds** |
| $ 2,406 | $ 185,436 | $ 450,743 |
| - | - | 150,327 |
| - | 53,769 | 53,769 |
| - | - | 430,741 |
| $ 2,406 | $ 239,205 | $ 1,085,580 |
| | | |
| $ - | $ - | $ 1,130 |
| - | - | 13,330 |
| - | - | 14,460 |
| | | |
| - | - | 121,785 |
| - | - | 121,785 |
| | | |
| - | - | 182,125 |
| - | - | 525,599 |
| 2,406 | 239,205 | 241,611 |
| 2,406 | 239,205 | 949,335 |
| | | |
| $ 2,406 | $ 239,205 | $ 1,085,580 |

# JEFF DAVIS COUNTY, GEORGIA

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

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | Community Home Investment Program | Community Development Block Grant | Revolving Loan | Emergency 911 |
| **REVENUES** | | | | |
| Intergovernmental | $ 19,961 | $ - | $ - | $ - |
| Charges for services | - | - | - | 194,135 |
| Interest | - | - | 10,182 | - |
| Total revenues | 19,961 | - | 10,182 | 194,135 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public safety | - | - | - | 502,746 |
| Housing and development | 19,961 | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 19,961 | - | - | 502,746 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | 10,182 | (308,611) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | - | - | - | 182,678 |
| Transfers out | - | (5) | - | - |
| Total other financing sources (uses) | - | (5) | - | 182,678 |
| Net change in fund balances | - | (5) | 10,182 | (125,933) |
| **FUND BALANCE, beginning of year** | 5 | 5 | 515,412 | 308,058 |
| **FUND BALANCE, end of year** | $ 5 | $ - | $ 525,594 | $ 182,125 |

| Capital Projects Funds | | |
|---|---|---|
| LMIG Fund | TIA SPLOST Fund | Nonmajor Governmental Funds |
| $ 455,637 | $ 579,945 | $ 1,055,543 |
| - | - | 194,135 |
| 436 | - | 10,618 |
| 456,073 | 579,945 | 1,260,296 |
| | | |
| - | 553,609 | 1,056,355 |
| - | - | 19,961 |
| 527,720 | - | 527,720 |
| 527,720 | 553,609 | 1,604,036 |
| | | |
| (71,647) | 26,336 | (343,740) |
| | | |
| 43,062 | - | 225,740 |
| - | (43,062) | (43,067) |
| 43,062 | (43,062) | 182,673 |
| | | |
| (28,585) | (16,726) | (161,067) |
| | | |
| 30,991 | 255,931 | 1,110,402 |
| | | |
| $ 2,406 | $ 239,205 | $ 949,335 |

# JEFF DAVIS COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF
## SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Original Estimated Cost | Current Estimated Cost | Prior Years | Current Year | Total |
|---|---|---|---|---|---|
| Roads, bridges, equipment | $ 3,547,000 | $ 3,547,000 | $ 508,765 | $ 550,054 | $ 1,058,819 |
| City of Hazlehurst | 2,282,000 | 2,282,000 | 965,053 | 380,857 | 1,345,910 |
| Hospital | 1,500,000 | 1,500,000 | 627,283 | 247,557 | 874,840 |
| Public Safety | 1,123,000 | 1,123,000 | 482,526 | - | 482,526 |
| Development Authority | 1,000,000 | 1,000,000 | 434,273 | - | 434,273 |
| Jail | 1,000,000 | 1,000,000 | 434,273 | - | 434,273 |
| Recreation | 503,000 | 503,000 | 193,011 | - | 193,011 |
| Renovation of public buildings | 420,000 | 420,000 | 193,011 | - | 193,011 |
| | $ 11,375,000 | $ 11,375,000 | $ 3,838,195 | 1,178,468 | $ 5,016,663 |
| | Debt service payments on equipment already included as an expenditure above | | | 340,858 | |
| | | | | $ 1,519,326 | |

# AGENCY FUNDS

# JEFF DAVIS COUNTY, GEORGIA

## AGENCY FUNDS

| | |
|---|---|
| **Tax Commissioner** | To account for tax billings, collections, and remittances made by property owners of record on behalf of other governmental agencies. |
| **Magistrate Court** | To account for the receipt and disbursement of court-ordered fines and fees made on behalf of third parties. |
| **Probate Court** | To account for the collection of fees for firearms licenses, certificates, marriage licenses, passports, etc. which are disbursed to other parties. |
| **Clerk of Court** | To account for the receipt and disbursement of court-ordered fines and fees made on behalf of third parties. |
| **Sheriff** | To account for the collection and remittance of fines, bond forfeitures, and various fees, and to account for the receipt and disbursement of funds held on behalf of County inmates housed in the County detention facility. |

# JEFF DAVIS COUNTY, GEORGIA

## COMBINING STATEMENT OF ASSETS AND LIABILITIES
## AGENCY FUNDS
## JUNE 30, 2015

| | Tax Commissioner | Magistrate Court | Probate Court | Clerk of Court |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash | $ 222,437 | $ 26,003 | $ 4,855 | $ 532,837 |
| Taxes receivable | 328,654 | - | - | - |
| Total assets | $ 551,091 | $ 26,003 | $ 4,855 | $ 532,837 |
| **LIABILITIES** | | | | |
| Due to others | $ 222,437 | $ 26,003 | $ 4,855 | $ 532,837 |
| Uncollected taxes | 328,654 | - | - | - |
| Total Liabilities | $ 551,091 | $ 26,003 | $ 4,855 | $ 532,837 |

| Sheriff | | Total | |
|---|---|---|---|
| $ | 77,174 | $ | 863,306 |
| | - | | 328,654 |
| $ | 77,174 | $ | 1,191,960 |
| | | | |
| $ | 77,174 | $ | 863,306 |
| | - | | 328,654 |
| $ | 77,174 | $ | 1,191,960 |

# COMPLIANCE SECTION

MAULDIN & JENKINS

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

**Board of Commissioners**
**of Jeff Davis County, Georgia**
**Hazlehurst, Georgia**

We have audited 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jeff Davis County, Georgia (the County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 16, 2015. Our report includes references to other auditors who audited the financial statements of the Jeff Davis County Board of Health, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County'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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as 2015-003 to be a material weakness.

300 MULBERRY STREET, SUITE 300 • POST OFFICE BOX 1877 • MACON, GEORGIA 31202-1877 • 478-464-8000 • FAX 478-464-8051 • www.mjcpa.com
MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider deficiency 2015-001, as described in the accompanying schedule of findings and responses to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2015-002.

**Jeff Davis County's Responses to Findings**

Jeff Davis County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's responses were 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**

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 16, 2015

# JEFF DAVIS COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

---

### SECTION I
### SUMMARY OF AUDIT RESULTS

***Financial Statements***

| | |
|---|---|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | _X_ yes ____ no |
| Significant deficiencies identified not considered to be material weaknesses? | _X_ yes ____ none reported |
| Noncompliance material to financial statements noted? | _X_ yes ____ no |

***Federal Awards***

A single audit was not performed for the fiscal year ended June 30, 2015 due to the County not expending $500,000 or more of federal funds.

### SECTION II
### FINANCIAL STATEMENT FINDINGS AND RESPONSES

**2015-001. Segregation of Duties (Repeat Finding)**

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties does not exist among cash management including the recording, distribution, reconciliation of cash accounts and other operational functions in various areas of County operations, including the offices of elected officials (Sheriff and the Probate Court), various departments of the General Fund and the County's Finance Department.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that may not be detected during the normal course of business.

Cause: The failure to properly segregate duties is due to the limited number of individuals available in each office to perform each of the duties.

Recommendation: The duties of recording, distribution, approving, writing and signing of checks, and reconciliation of accounts should be segregated among employees.

## SECTION II
## FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

**2015-001. Segregation of Duties (Repeat Finding) (Continued)**

Views of Responsible Officials: We concur. The offices listed above are in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

**2015-002. Compliance with State Law (Repeat Finding)**

Criteria: Section 36-81-3 of the Official Code of Georgia requires the adoption of an annual balanced budget for the general fund, each special revenue fund, and each debt service fund and requires a project length balanced budget for each capital projects fund.

Condition: The County did not adopt a budget for the CDBG, CHIP, or the Revolving Loan funds for the fiscal year ended June 30, 2015.

Recommendation: We recommend the County adopt budgets for the CDBG, CHIP, and Revolving Loan funds as required by the Official Code of Georgia.

Views of Responsible Officials: We concur. The County will make every effort to adopt budgets for those funds requiring an annual adopted budget as required by the Official Code of Georgia.

**2015-003. Management of Accounts Payable**

Criteria: Generally accepted accounting principles require timely reporting of all current liabilities when goods have been received or services have been performed, regardless of the timing of the related cash flows.

Condition: For the fiscal year ended June 30, 2015, the Development Authority had not recorded accounts payable and retainage payable of $1,224,230 and $218,247, respectively.

Context: For the fiscal year ended June 30, 2015, the Development Authority had not recorded accounts payable and retainage payable of $1,224,230 and $218,247, respectively.

Effect: Accounts payable and retainage payable were understated by $1,224,230 and $218,247, respectively, as of June 30, 2015.

## SECTION II
## FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

**2015-003. Management of Accounts Payable (Continued)**

Cause: The failure to properly recognize accounts payable is due to the limited number of individuals available to perform the accounting functions. The County did not properly prepare and review accounts payable reconciliations for the Joint Development Authority Fund during the year ended June 30, 2015.

Recommendation: We recommend the County implement procedures to reconcile all accounts and retainage payable in a timely manner to ensure all transactions are being properly recognized during the correct period.

Views of Responsible Officials: We concur. The County will make every effort to implement the proper controls to reconcile all accounts payable and retainage payable to ensure all transactions are accurately reported in the proper period.

**2014-01. Segregation of Duties**

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties does not exist among cash management including the recording, distribution, reconciliation of cash accounts and other operational functions in various areas of County operations, including the offices of elected officials (Sheriff and the Probate Court), various departments of the General Fund and the County's Finance Department.

Auditee Response / Status: Unresolved – See current year finding 2015-001.

**2014-02. Compliance with State Law**

Criteria: The State of Georgia requires all county and municipal governments to adopt and utilize the uniform chart of accounts as set forth by section 36-81-3 of the Official Code of Georgia. Additionally, section 36-81-3 of the Official Code of Georgia requires the adoption of an annual balanced budget for the general fund, each special revenue fund, and each debt service fund and requires a project length balanced budget for each capital projects fund.

Condition: For the fiscal year ended June 30, 2014 the County had not implemented the uniform chart of accounts. Additionally, the County did not adopt a budget for the CDBG, CHIP, or the Revolving Loan funds for the fiscal year ended June 30, 2014.

Auditee Response / Status: Partially resolved – See current year finding 2015-002.

**2014-03. Management of Accounts Receivable, Unearned Revenue, and Revenue**

Criteria: Generally accepted accounting principles and governmental accounting standards require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Additionally, an allowance should be recorded if amounts are deemed to be uncollectible.

Condition: Appropriate reconciliation procedures were not followed, resulting in overstatements of revenue and accounts receivable in the General, SPLOST, and Joint Development Authority funds in prior years, and overstatement of unearned revenue and understatement of net position for governmental activities in the government-wide financial statements, and an overstatement of revenue and accounts receivable in the TIA SPLOST fund in prior years. Additionally, amounts in the General Fund were identified to be uncollectible during the current year causing an overstatement of receivables and revenue during the current year.

Auditee Response / Status: Resolved.

**2014-04. Management of Debt**

Criteria: Governmental accounting standards require short term debt with maturity of one year or less from the date of issuance to be recorded at the fund level of governmental funds as a liability. Governmental Accounting Standards also require the proceeds from long term debt to be reported as other financing sources on the respective statement of revenues, expenditures and changes in fund balance. Additionally, some expenses reported in the statement of activities do not require the use of current financial resources and are not reported in governmental funds, but are required to be reported at the government-wide level.

Condition: Appropriate internal controls related to short-term debt were not implemented, resulting in understatements of short-term debt and overstatements of fund balance in the General and Joint Development Authority funds as of June 30, 2013. Appropriate reconciliation procedures related to debt were not followed, resulting in understatements of debt proceeds and capital outlay expenditures as of June 30, 2013. Appropriate reconciliation of the entity-wide financial statements were not implemented, resulting in an understatement of liabilities and an overstatement of net position as of June 30, 2013.

Auditee Response / Status: Resolved.

**2014-05. Management of Revolving Loan Fund**

Criteria: Governmental accounting standards require a special revenue fund to be reported when the proceeds of a specific revenue source are received that are restricted or committed for specified purposes other than debt service or capital projects.

Condition: The County's revolving loan funds were not appropriately reported in prior years

Auditee Response / Status: Resolved.

**2014-06. Fund Accounting**

Criteria: Governmental accounting standards require that only the minimum number of funds consistent with legal and operating requirements should be established so as to avoid inflexibility, undue complexity, and inefficiency in financial management.

Condition: The County maintained various SPLOST (Jail, Public Safety SPLOST, Public Buildings & Renovations SPLOST, and Recreation SPLOST) funds that should be combined for financial reporting purposes. Additionally, the Board of Tourism, Landfill Replacement, and Towns Bluff River Project funds should be included within the General Fund for financial statement reporting purposes.

Auditee Response / Status: Resolved.

**2014-07. Lease Receivables**

Criteria: Generally accepted accounting principles and Governmental Accounting Standards require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Condition: Appropriate reconciliation procedures were not followed, resulting in overstatements of revenue and lease receivables in the Joint Development Authority Fund in prior years.

Auditee Response / Status: Resolved.

**2014-8. Management of Notes Receivable**

Criteria: Generally accepted accounting principles require that an estimation of uncollectible receivables be made and recorded as an allowance for doubtful accounts.

Condition: Procedures and controls related to accounting estimates do not exist as they relate to note receivables resulting in an overstatement of notes receivable and an understatement of bad debt expenditures.

Auditee Response / Status: Resolved.

**2014-09. Management of Accrued Payroll**

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The County did not properly address the above criteria as it relates to accrued payroll which resulted in an understatement of the accrued payroll liability and expenditures as of June 30, 2014.

Auditee Response / Status: Resolved.

**2014-10. Management of Net Pension Asset**

Criteria: Governmental Accounting Standards require local governments with defined benefit pension plans to report the Net Pension Asset on the face of the Statement of Net Position.

Condition: Proper internal control procedures do not exist as they relate to the net pension asset, resulting in an understatement of assets and net position for governmental activities.

Auditee Response / Status: Resolved.

**2014-11. Management of Capital Assets**

Criteria: Generally accepted accounting principles require items purchased with a measurable future economic value to be recorded as a capital asset and depreciated over its useful life.

Condition: Proper reconciliation procedures were not performed as they relate to capital assets, resulting in an overstatement of capital assets as of June 30, 2013.

Auditee Response / Status: Resolved.