

**JEFF DAVIS COUNTY, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2016**

**JEFF DAVIS COUNTY, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Table of Contents .....	i and ii
-------------------------	----------

**FINANCIAL SECTION**

Independent Auditor's Report .....	1 – 3
Management's Discussion and Analysis .....	4 – 10

**Basic Financial Statements:**

**Government-wide Financial Statements:**

Statement of Net Position .....	11
Statement of Activities .....	12 and 13

**Fund Financial Statements:**

Balance Sheet – Governmental Funds .....	14 and 15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	16 and 17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual .....	19 and 20
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds .....	21
Notes to Financial Statements .....	22 – 48

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Changes in the County's Net Pension Liability and Related Ratios .....	49
Schedule of County Contributions .....	50

**Combining and Individual Fund Statements and Schedules:**

Combining Balance Sheet – Nonmajor Governmental Funds .....	51 and 52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	53 and 54
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds .....	55
Combining Statement of Assets and Liabilities – Agency Funds .....	56 and 57

**JEFF DAVIS COUNTY, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**TABLE OF CONTENTS (CONTINUED)**

**Page**

**COMPLIANCE SECTION**

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 <i>Government Auditing Standards</i> .....	58 and 59
Schedule of Findings and Responses .....	60 and 61
Schedule of Prior Year Findings .....	62



## INDEPENDENT AUDITOR'S REPORT

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**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, 2016, 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 all 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.

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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, 2016, 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.

***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) and the County's pension schedules (pages 54 and 55) 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.

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*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 20, 2016, 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 20, 2016

# JEFF DAVIS COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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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, 2016.

### Financial Highlights

- The assets of Jeff Davis County exceeded its liabilities at June 30, 2016, by approximately \$18,155,191 (net position) of which \$4,720,934 is restricted for specific purposes, leaving a unrestricted net position of \$1,134,188.
- At fiscal year-end June 30, 2016, the County's General Fund reported a total fund balance of \$2,886,057.

### 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, EIP Grant, Joint Development Authority, 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.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

**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 \$18,155,191 at the close of the most recent fiscal year.

A large portion of the County's net position, 67.7%, 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.

<b>Jeff Davis County Net Position</b>			
	<b>Governmental Activities</b>		<b>Percentage Change</b>
	<b>2016</b>	<b>2015</b>	<b>2015 -2016</b>
Current and other assets	\$ 9,325,176	\$ 7,615,143	22.46 %
Capital assets	16,334,209	17,071,591	(4.32)
Total assets	25,659,385	24,686,734	3.94
Deferred Outflows of Resources	418,480	23,527	1,678.72
Long-term liabilities outstanding	7,023,491	6,492,181	8.18
Other liabilities	899,183	2,744,833	(67.24)
Total liabilities	7,922,674	9,237,014	(14.23)
Net position:			
Net investment in capital assets	12,300,069	13,097,634	(6.09)
Restricted for:			
Public safety	96,705	182,125	(46.90)
Housing and development	534,006	525,599	1.60
Capital projects	4,090,223	3,004,164	36.15
Unrestricted	1,134,188	(1,336,275)	184.88
Total net position	\$ 18,155,191	\$ 15,473,247	17.33

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities		Percentage Change
Revenues	2016	2015	2015-2016
Program revenues:			
Charges for services	\$ 1,901,454	\$ 2,093,436	(9.17) %
Operating grants and contributions	176,395	226,234	(22.03)
Capital grants and contributions	2,714,584	2,011,922	34.92
General revenues:			
Property taxes	4,710,900	4,543,563	3.68
Sales taxes	2,775,374	3,046,447	(8.90)
Other taxes	656,324	602,994	8.84
Unrestricted investment earnings	26,375	26,625	(0.94)
Total revenues	12,961,406	12,551,221	3.27
Expenses			
General government	2,437,881	2,280,214	6.91
Judicial	1,122,868	1,100,162	2.06
Public safety	4,055,195	4,102,273	(1.15)
Public works	1,468,987	3,399,581	(56.79)
Health and welfare	127,869	135,499	(5.63)
Recreation	462,661	625,596	(26.04)
Housing & development	464,163	59,754	676.79
Interest on long-term debt	139,838	162,867	(14.14)
Total expenses	10,279,462	11,865,946	(13.37)
Change in net position	2,681,944	685,275	291.37
Net position, beginning of year, as previously reported	15,473,247	15,262,097	
Prior period adjustment	-	(474,125)	
Net position, beginning of year, as restated	15,473,247	14,787,972	4.63
Net position, end of year	\$ 18,155,191	\$ 15,473,247	17.33

The changes in net position between fiscal years 2016 and 2015 were affected by the following:

- Net change in total revenues is an increase of 3.27%.
- Charges for services decreased 9.17% 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 34.92% due to an increase in housing and development grants of \$690,000.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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- Decreases to public works recreation expenses of 56.79% and 26.04%, respectively, were the result of increased capital outlay during the current year, which was capitalized at the government wide level.
- Increase to housing and development expenses of 679.79% was the result of decreased capital outlay during the current year, which was capitalized at the government wide level in the prior year.
- Ultimately, the County reported an increase in net position of \$2,681,944 for the year ended June 30, 2016.

### 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 \$309,643 for prepaid items and unassigned was \$2,556,414, while the total fund balance was \$2,866,057.

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 4.15% of total general fund expenditures and unassigned fund balance represents 34.29%, while total fund balance represents 38.44% 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 \$1,210,471, revenues in the amount of \$1,743,152, and other financing sources and uses in the amount of (\$156,382), resulting in an ending fund balance of \$3,138,852.

#### 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 EIP grant during the current year. Expenditures decreased during the current year as a result of less capital outlay purchases. As a result of the increase in revenues and decrease in expenditures, the Joint Development Authority fund reported an increase in fund balance during the current year of \$2,004,324.

### 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Asset and Debt Administration

**Capital Assets.** Jeff Davis County's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$16,334,209 (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)

	<b>Governmental Activities</b>		<b>Percentage Change</b>
	<b>2016</b>	<b>2015</b>	<b>2015-2016</b>
Land	\$ 2,113,812	\$ 2,113,812	- %
Construction in progress	-	2,265,747	100.00
Land improvements	270,572	300,704	(10.02)
Buildings and improvements	8,032,574	8,420,472	(4.61)
Machinery and equipment	1,576,394	1,877,412	(16.03)
Infrastructure	4,340,857	2,093,444	107.35
Total	<u>\$ 16,334,209</u>	<u>\$ 17,071,591</u>	(4.32)

The majority of the decrease is the result of the County's disposal of capital assets and depreciation during the current year. 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, 2016, is summarized below.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Revenue bonds	\$ 2,441,461	\$ 628,140	\$ (174,000)	\$ 2,895,601
Notes payable	769,231	-	(225,520)	543,711
Capital leases	763,265	-	(168,437)	594,828
Compensated absences	142,508	137,463	(129,505)	150,466
Net Pension Liability	328,874	686,572	(243,871)	771,575
Landfill postclosure costs	2,046,842	147,665	(127,197)	2,067,310
Total	<u>\$ 6,492,181</u>	<u>\$ 1,599,840</u>	<u>\$ (1,068,530)</u>	<u>\$ 7,023,491</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**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 net pension liability increased as a result of poor market conditions during the current year. 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 Factors and Next Year's Budgets**

- The millage rate was not increased from the prior year. It remained at 15.38 mills.
- 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, 2016

	Primary Government Governmental Activities	Component Unit Board of Health
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,695,694	\$ 543,195
Taxes receivable	385,801	-
Accounts receivable	683,044	-
Due from other governments	250,994	36,340
Prepaid items	309,643	-
Capital assets, non-depreciable	2,113,812	-
Capital assets, depreciable (net of accumulated depreciation)	14,220,397	-
Total assets	<u>25,659,385</u>	<u>579,535</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	<u>418,480</u>	<u>45,377</u>
<b>LIABILITIES</b>		
Accounts payable	304,221	-
Accrued liabilities	64,472	-
Due to other governments	93,293	-
Unearned revenue	121,785	-
Short-term notes payable	315,412	-
Capital leases due within one year	322,516	-
Capital leases due in more than one year	272,312	-
Bonds payable due within one year	186,000	-
Bonds payable due in more than one year	2,709,601	-
Compensated absences due within one year	75,233	11,596
Compensated absences due in more than one year	75,233	11,596
Notes payable due within one year	196,535	-
Notes payable due in more than one year	347,176	-
Landfill due within one year	128,469	-
Landfill due in more than one year	1,938,841	-
Net pension liability	<u>771,575</u>	<u>417,132</u>
Total liabilities	<u>7,922,674</u>	<u>440,324</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	<u>-</u>	<u>33,430</u>
<b>NET POSITION</b>		
Net investment in capital assets	12,300,069	-
Restricted for:		
Public safety	96,705	-
Housing and development	534,006	-
Capital projects	4,090,223	-
Other purposes	-	215,014
Unrestricted	<u>1,134,188</u>	<u>(63,856)</u>
Total net position	<u>\$ 18,155,191</u>	<u>\$ 151,158</u>

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, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
<b>Primary government:</b>				
General government	\$ 2,437,881	\$ 266,786	\$ 163,915	\$ 69,789
Judicial	1,122,868	402,792	-	-
Public safety	4,055,195	804,896	10,732	-
Public works	1,468,987	-	-	969,747
Health and welfare	127,869	-	-	-
Culture and recreation	462,661	185,842	1,748	-
Housing and development	464,163	241,138	-	1,675,048
Interest on long-term debt	139,838	-	-	-
Total primary government	<u>\$ 10,279,462</u>	<u>\$ 1,901,454</u>	<u>\$ 176,395</u>	<u>\$ 2,714,584</u>
<b>Component units:</b>				
Health Department	\$ 556,630	\$ 215,630	\$ 376,368	\$ -
Total component units	<u>\$ 556,630</u>	<u>\$ 215,630</u>	<u>\$ 376,368</u>	<u>\$ -</u>

General revenues:  
Property taxes  
Sales taxes  
Other taxes  
Unrestricted investment earnings  
Total general revenues  
Change in net position  
Net position, beginning of year  
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	Health
Activities	Department
\$ (1,937,391)	\$ -
(720,076)	-
(3,239,567)	-
(499,240)	-
(127,869)	-
(275,071)	-
1,452,023	-
(139,838)	-
(5,487,029)	-
-	35,368
-	35,368
4,710,900	-
2,775,374	-
656,324	-
26,375	-
8,168,973	-
2,681,944	35,368
15,473,247	115,790
\$ 18,155,191	\$ 151,158

# JEFF DAVIS COUNTY, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2016

ASSETS	General Fund	SPLOST Fund	Joint Development Authority
Cash and cash equivalents	\$ 2,532,859	\$ 3,226,124	\$ 755,778
Taxes receivable	385,801	-	-
Accounts receivable	152,133	-	380,720
Due from other governments	84,081	139,969	-
Due from other funds	91,689	-	25,444
Prepaid items	309,643	-	-
Total assets	<u>\$ 3,556,206</u>	<u>\$ 3,366,093</u>	<u>\$ 1,161,942</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 278,702	\$ 22,623	\$ 1,706
Accrued liabilities	38,076	-	-
Due to other funds	45,439	111,325	310,903
Due to other governments	-	93,293	-
Short-term note payable	-	-	315,412
Total liabilities	<u>362,217</u>	<u>227,241</u>	<u>628,021</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	327,932	-	-
Unavailable revenue - E911 revenue	-	-	-
Total deferred inflows of resources	<u>327,932</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Fund balances:			
Nonspendable for prepaids	309,643	-	-
Restricted for:			
Public safety	-	-	-
Housing and development	-	-	-
Capital projects	-	3,138,852	-
Unassigned	2,556,414	-	533,921
Total fund balances	<u>2,866,057</u>	<u>3,138,852</u>	<u>533,921</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,556,206</u>	<u>\$ 3,366,093</u>	<u>\$ 1,161,942</u>

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.**

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,180,933	\$ 7,695,694
-	385,801
150,191	683,044
26,944	250,994
356,342	473,475
-	309,643
<u>\$ 1,714,410</u>	<u>\$ 9,798,651</u>

\$ 1,190	\$ 304,221
3,545	41,621
5,808	473,475
-	93,293
-	315,412
<u>10,543</u>	<u>1,228,022</u>

-	327,932
<u>121,785</u>	<u>121,785</u>
<u>121,785</u>	<u>449,717</u>

-	309,643
96,705	96,705
534,006	534,006
951,371	4,090,223
-	3,090,335
<u>1,582,082</u>	<u>8,120,912</u>

\$ 1,714,410

16,334,209
327,932
(7,023,491)
418,480
(22,851)
<u>\$ 18,155,191</u>

# JEFF DAVIS COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	SPLOST Fund	Joint Development Authority
<b>REVENUES</b>			
Property taxes	\$ 4,712,991	\$ -	\$ -
Sales taxes	1,037,351	1,738,023	-
Other taxes	656,324	-	-
Licenses and permits	55,022	-	-
Intergovernmental	69,789	-	1,190,941
Charges for services	1,001,580	-	-
Court fees, fines and forfeitures	422,433	-	-
Interest	717	5,129	16,299
Leases	-	-	241,138
Other	176,395	-	-
Total revenues	<u>8,132,602</u>	<u>1,743,152</u>	<u>1,448,378</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,554,755	-	-
Judicial	1,107,923	-	-
Public safety	2,861,826	-	-
Public works	1,240,566	-	-
Health and welfare	127,869	-	-
Culture and recreation	459,108	-	-
Housing and development	104,121	-	154,441
Intergovernmental	-	573,402	-
Capital outlay	-	313,375	199,850
Debt service:			
Principal	-	305,614	262,343
Interest	-	18,080	145,942
Total expenditures	<u>7,456,168</u>	<u>1,210,471</u>	<u>762,576</u>
Excess of revenues over expenditures	<u>676,434</u>	<u>532,681</u>	<u>685,802</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	690,382
Transfers out	(274,160)	(156,382)	-
Proceeds from sale of capital assets	117,946	-	-
Proceeds from the issuance of bonds	-	-	628,140
Total other financing sources (uses)	<u>(156,214)</u>	<u>(156,382)</u>	<u>1,318,522</u>
Net change in fund balances	520,220	376,299	2,004,324
<b>FUND BALANCES (DEFICIT), beginning of year</b>	<u>2,345,837</u>	<u>2,762,553</u>	<u>(1,470,403)</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 2,866,057</u>	<u>\$ 3,138,852</u>	<u>\$ 533,921</u>

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

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 4,712,991
-	2,775,374
-	656,324
-	55,022
1,448,725	2,709,455
181,281	1,182,861
-	422,433
9,359	31,504
-	241,138
-	176,395
<u>1,639,365</u>	<u>12,963,497</u>
-	1,554,755
-	1,107,923
617,729	3,479,555
-	1,240,566
-	127,869
-	459,108
14,087	272,649
-	573,402
114,962	628,187
-	567,957
-	164,022
<u>746,778</u>	<u>10,175,993</u>
<u>892,587</u>	<u>2,787,504</u>
210,160	900,542
(470,000)	(900,542)
-	117,946
-	628,140
<u>(259,840)</u>	<u>746,086</u>
632,747	3,533,590
<u>949,335</u>	<u>4,587,322</u>
<u>\$ 1,582,082</u>	<u>\$ 8,120,912</u>

# 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, 2016

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

Net change in fund balances - total governmental funds.	\$ 3,533,590
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 depreciation exceeded capital outlay in the current period.	(718,782)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(18,600)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,091)
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.	(80,651)
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.	<u>(31,522)</u>
	<u>\$ 2,681,944</u>

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, 2016

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 4,438,788	\$ 4,438,788	\$ 4,712,991	\$ 274,203
Sales taxes	1,210,128	1,210,128	1,037,351	(172,777)
Other taxes	610,841	610,841	656,324	45,483
Licenses and permits	58,818	58,818	55,022	(3,796)
Intergovernmental	56,619	56,619	69,789	13,170
Charges for services	926,200	926,200	1,001,580	75,380
Fines and forfeitures	374,040	374,040	422,433	48,393
Interest	-	-	717	717
Other	185,479	185,479	176,395	(9,084)
Total revenues	7,860,913	7,860,913	8,132,602	271,689
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>General government:</b>				
Board of elections	118,047	118,047	110,567	7,480
Administration	1,163,106	1,163,106	1,020,502	142,604
Tax commissioner	226,459	226,459	231,006	(4,547)
Tax assessors	220,272	220,272	192,680	27,592
Total general government	1,727,884	1,727,884	1,554,755	173,129
<b>Judicial:</b>				
Superior court	250,235	250,235	215,009	35,226
Clerk of court	263,811	263,811	265,280	(1,469)
State court	133,502	133,502	144,124	(10,622)
Magistrate court	241,068	241,068	261,910	(20,842)
Probate court	137,422	137,422	142,729	(5,307)
Juvenile court	73,041	73,041	78,871	(5,830)
Total judicial	1,099,079	1,099,079	1,107,923	(8,844)
<b>Public safety:</b>				
Sheriff	1,226,837	1,226,837	1,171,591	55,246
Jail	656,191	656,191	709,585	(53,394)
Fire	187,575	187,575	173,029	14,546
Emergency medical services	725,249	743,249	724,242	19,007
Coroner	31,571	31,571	20,653	10,918
Emergency management	50,070	50,070	62,726	(12,656)
Total public safety	2,877,493	2,895,493	2,861,826	33,667
<b>Public works:</b>				
Highways and streets	982,737	982,737	924,741	57,996
Solid waste collection	391,715	391,715	315,825	75,890
Total public works	1,374,452	1,374,452	1,240,566	133,886

(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, 2016

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
<b>Current (Continued):</b>				
<b>Health and welfare:</b>				
Health	\$ 106,950	\$ 106,950	\$ 126,728	\$ (19,778)
Welfare	13,628	13,628	1,141	12,487
Total health and welfare	120,578	120,578	127,869	(7,291)
<b>Culture and recreation:</b>				
Recreation	352,727	352,727	349,054	3,673
Towns Bluff	73,773	73,773	66,354	7,419
Libraries	43,700	43,700	43,700	-
Total culture and recreation	470,200	470,200	459,108	11,092
<b>Housing and development:</b>				
Conservation	30,590	30,590	22,055	8,535
County Agent	101,870	101,870	82,066	19,804
Total housing and development	132,460	132,460	104,121	28,339
Total expenditures	7,802,146	7,820,146	7,456,168	363,978
Excess of revenues over expenditures	58,767	40,767	676,434	635,667
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	211,359	211,359	-	(211,359)
Transfers out	(307,018)	(307,018)	(274,160)	32,858
Proceeds from sale of capital assets	56,893	56,893	117,946	61,053
Total other financing sources (uses)	(38,766)	(38,766)	(156,214)	(117,448)
Net change in fund balances	20,001	2,001	520,220	518,219
<b>FUND BALANCES, beginning of year</b>	2,345,837	2,345,837	2,345,837	-
<b>FUND BALANCES, end of year</b>	<u>\$ 2,365,838</u>	<u>\$ 2,347,838</u>	<u>\$ 2,866,057</u>	<u>\$ 518,219</u>

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, 2016**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 945,791
Taxes receivable	<u>337,613</u>
Total assets	<u><u>\$ 1,283,404</u></u>
<b>LIABILITIES</b>	
Due to others	\$ 945,791
Uncollected taxes	<u>337,613</u>
Total liabilities	<u><u>\$ 1,283,404</u></u>

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

# JEFF DAVIS COUNTY, GEORGIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### 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.

## NOTES TO FINANCIAL STATEMENTS

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### 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 30<sup>th</sup> 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.

## NOTES TO FINANCIAL STATEMENTS

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### 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

## NOTES TO FINANCIAL STATEMENTS

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### 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, 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.

## NOTES TO FINANCIAL STATEMENTS

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### 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:

<u>Asset Category</u>	<u>Years</u>
Land improvements	3-10
Buildings and improvements	30
Machinery and equipment	3-10
Furniture and fixtures	3-10
Infrastructure	30

## NOTES TO FINANCIAL STATEMENTS

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### 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 and the governmental funds balance sheet 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### 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.

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.



## NOTES TO FINANCIAL STATEMENTS

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### 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.

## NOTES TO FINANCIAL STATEMENTS

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### 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 \$7,023,491 difference are as follows:

Capital leases payable	\$ (594,828)
Revenue bonds payable	(2,895,601)
Notes payable	(543,711)
Landfill postclosure costs	(2,067,310)
Net pension liability	(771,575)
Compensated absences	<u>(150,466)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (7,023,491)</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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 \$718,782 difference are as follows:

Capital outlay	\$ 503,042
Depreciation expense	<u>(1,221,824)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ (718,782)</u>

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 \$80,651 difference are as follows:

Debt issuance:	
Revenue bond proceeds	\$ (628,140)
Principal repayments:	
Capital leases	168,437
Revenue bonds payable	174,000
Notes payable	225,520
Landfill postclosure costs	<u>(20,468)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ (80,651)</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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 \$31,522 difference are as follows:

Compensated absences	\$ (7,958)
Accrued interest	24,184
Net pension liability and related deferred outflows of resources	<u>(47,748)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ (31,522)</u>

### 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, 2016.

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.

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2016, expenditures exceeded budget, as follows:

Fund or Department	Excess
General Fund:	
Tax commissioner	\$ 4,547
Clerk of court	1,469
State court	10,622
Magistrate court	20,842
Probate court	5,307
Juvenile court	5,830
Jail	53,394
Emergency management	12,656
Health	19,778

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2016, are summarized as follows:

**Balances per Statement of Net Position:**

Cash and cash equivalents - Primary government	\$ 7,695,694
Cash - Agency funds	945,791
	<u>\$ 8,641,485</u>

**Balances by type:**

Cash deposited with financial institutions	\$ 8,641,485
	<u>\$ 8,641,485</u>

**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, 2016, 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, 2016, 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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. RECEIVABLES

Receivables at June 30, 2016 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	<b>General</b>	<b>SPLOST</b>	<b>Joint Development Authority</b>
Receivables:			
Taxes	\$ 385,801	\$ -	\$ -
Accounts	409,869	-	1,142,720
Due from other governments	84,081	139,969	-
Gross receivables	<u>879,751</u>	<u>139,969</u>	<u>1,142,720</u>
Less allowance for uncollectibles	257,736	-	762,000
Net total receivables	<u><u>\$ 622,015</u></u>	<u><u>\$ 139,969</u></u>	<u><u>\$ 380,720</u></u>

  

	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Receivables:		
Taxes	\$ -	\$ 385,801
Accounts	150,191	1,702,780
Due from other governments	26,944	250,994
Gross receivables	<u>177,135</u>	<u>2,339,575</u>
Less allowance for uncollectibles	-	1,019,736
Net total receivables	<u><u>\$ 177,135</u></u>	<u><u>\$ 1,319,839</u></u>

Property taxes were levied on October 12, 2015. Bills were payable on or before December 20, 2015, 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, 2015. The County bills and collects its own property taxes. Property taxes levied for 2015 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2016 and collected by August 31, 2016 are recognized as revenues in the year ended June 30, 2016. Net receivables estimated to be collected subsequent to August 31, 2016 are deferred as of June 30, 2016 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

#### A. Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 2,113,812	\$ -	\$ -	\$ -	\$ 2,113,812
Constuction in progress	2,265,747	187,645	-	(2,453,392)	-
Total	<u>4,379,559</u>	<u>187,645</u>	<u>-</u>	<u>(2,453,392)</u>	<u>2,113,812</u>
Capital assets, being depreciated:					
Land improvements	573,541	-	-	-	573,541
Buildings and improvements	13,340,166	-	-	-	13,340,166
Machinery and equipment	7,031,565	315,397	(467,740)	-	6,879,222
Infrastrcture	3,093,388	-	-	2,453,392	5,546,780
Total	<u>24,038,660</u>	<u>315,397</u>	<u>(467,740)</u>	<u>2,453,392</u>	<u>26,339,709</u>
Less accumulated depreciation for:					
Land improvements	(272,837)	(30,132)	-	-	(302,969)
Buildings and improvements	(4,919,694)	(387,898)	-	-	(5,307,592)
Machinery and equipment	(5,154,153)	(597,815)	449,140	-	(5,302,828)
Infrastrcture	(999,944)	(205,979)	-	-	(1,205,923)
Total	<u>(11,346,628)</u>	<u>(1,221,824)</u>	<u>449,140</u>	<u>-</u>	<u>(12,119,312)</u>
Total capital assets, being depreciated, net	<u>12,692,032</u>	<u>(906,427)</u>	<u>(18,600)</u>	<u>2,453,392</u>	<u>14,220,397</u>
Total capital assets, net	<u>\$ 17,071,591</u>	<u>\$ (718,782)</u>	<u>\$ (18,600)</u>	<u>-</u>	<u>\$ 16,334,209</u>

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

Governmental Activities:	
General government	\$ 386,878
Judicial	4,077
Public safety	336,000
Public works	237,505
Culture and recreation	78,055
Housing and development	<u>179,309</u>
Total depreciation expense - governmental activities	<u>\$ 1,221,824</u>



## NOTES TO FINANCIAL STATEMENTS

### 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	\$ -	\$ (39,730)	\$ 37,342
Less accumulated depreciation for:				
Machinery and equipment	(76,714)	(358)	39,730	(37,342)
Total capital assets, net	<u>\$ 358</u>	<u>\$ (358)</u>	<u>\$ -</u>	<u>\$ -</u>

### NOTE 7. SHORT-TERM DEBT

**Line of Credit.** On January 1, 2016, the Development Authority 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, 2017.

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, 2015 with a variable interest rate, which is the prime rate with interest due monthly and principal due on December 31, 2016. The principal balance was \$217 as of June 30, 2016.

The following is a summary of short-term debt transactions for the County for the year ended June 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance
Lines of credit	401,183	150,217	(235,988)	315,412
Total	<u>\$ 401,183</u>	<u>\$ 150,217</u>	<u>\$ (235,988)</u>	<u>\$ 315,412</u>

## NOTES TO FINANCIAL STATEMENTS

### 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, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 2,441,461	\$ 628,140	\$ (174,000)	\$ 2,895,601	\$ 186,000
Notes payable	769,231	-	(225,520)	543,711	196,535
Capital leases	763,265	-	(168,437)	594,828	322,516
Compensated absences	142,508	137,463	(129,505)	150,466	75,233
Net Pension Liability	328,874	686,572	(243,871)	771,575	-
Landfill postclosure costs	2,046,842	147,665	(127,197)	2,067,310	128,469
Governmental activities					
Long-term liabilities	<u>\$ 6,492,181</u>	<u>\$ 1,599,840</u>	<u>\$ (1,068,530)</u>	<u>\$ 7,023,491</u>	<u>\$ 908,753</u>

Compensated absences, the net pension liability, 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, 2016 are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Series 2004A	6.85%	15 years	2019	\$ 1,732,000	\$ 396,000
Series 2014A	4.40%	15 years	2029	1,666,326	1,666,326
Series 2014B	4.40%	15 years	2029	833,275	833,275
					<u>\$ 2,895,601</u>

The Series 2004A, 2014A, 2014B bonds have debt service requirements as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2017	\$ 186,000	\$ 123,763	\$ 309,763
2018	198,000	110,611	308,611
2019	12,000	103,419	115,419
2020	158,915	103,008	261,923
2021	217,185	100,644	317,829
2022-2026	1,239,728	349,078	1,588,806
2027-2030	<u>883,773</u>	<u>69,315</u>	<u>953,088</u>
Total	<u>\$ 2,895,601</u>	<u>\$ 959,838</u>	<u>\$ 3,855,439</u>

## NOTES TO FINANCIAL STATEMENTS

### 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 \$1,666,326 and \$833,275, respectively had been drawn as of June 30, 2016. 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.

**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, 2016, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
McPherson manufacturing facility roof	3.00%	8 years	2017	\$ 500,000	\$ 34,751
Broxton road project	2.69%	6 years	2018	800,500	225,061
Agriculture processing facility expansion	3.00%	20 years	2028	440,948	283,899
					<u>\$ 543,711</u>

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

Fiscal year ending June 30,	Principal	Interest	Total
2017	\$ 196,535	\$ 13,285	\$ 209,820
2018	105,913	8,596	114,509
2019	22,292	6,989	29,281
2020	22,969	6,312	29,281
2021	23,666	5,615	29,281
2022-2026	129,544	16,862	146,406
2027-2031	42,792	1,130	43,922
Total	<u>\$ 543,711</u>	<u>\$ 58,789</u>	<u>\$ 602,500</u>

## NOTES TO FINANCIAL STATEMENTS

### 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 inception.

The cost of assets under capital leases as of June 30, 2016:

	<b>Governmental Activities</b>
Machinery and equipment	\$ 1,120,452
Less accumulated depreciation	(602,728)
	<hr/>
Carrying value	<u>\$ 517,724</u>

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,	
2017	\$ 333,339
2018	231,290
2019	<u>47,474</u>
Total minimum lease payments	612,103
Less amount representing interest	17,275
Present value of future minimum lease payments	<u>\$ 594,828</u>

**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, 2016, the County has a remaining 14 years of monitoring. Engineering studies estimate postclosure costs of approximately \$2,067,310 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, 2016. 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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Joint Development Authority Fund	SPLOST Fund	\$ 25,444
General Fund	Nonmajor Governmental Funds	5,808
General Fund	SPLOST Fund	85,881
Nonmajor Governmental Funds	General Fund	45,439
Nonmajor Governmental Funds	Joint Development Authority Fund	310,903
		<u>\$ 473,475</u>

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:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Joint Development Authority Fund	General Fund	\$ 64,000
Joint Development Authority Fund	SPLOST Fund	156,382
Joint Development Authority Fund	Nonmajor Governmental Funds	470,000
Nonmajor Governmental Funds	General Fund	210,160
		<u>\$ 900,542</u>

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. The transfers from the SPLOST Fund to the Joint Development Authority Fund are the payments to the Joint Development Authority in accordance with the SPLOST referendum.

## NOTES TO FINANCIAL STATEMENTS

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### 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](http://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, 2015, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	32
Inactive plan members entitled to but not receiving benefits	50
Active plan members	<u>64</u>
Total	<u><u>146</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2016, the County's contribution rate was 10.0% of annual payroll. County contributions to the Plan were \$211,955 for the year ended June 30, 2016.

##### Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2015.

*Actuarial Assumptions.* The total pension liability in the January 1, 2015 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, 2015 valuation were based on the results of an actuarial experience study for December 31, 2014.

## NOTES TO FINANCIAL STATEMENTS

### 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, 2015 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
S&P 500	30%	3.22 %
Barclay's Agg.	30%	2.34
MSCI EAFE	15%	1.43
Citi Non US WEBI	5%	0.27
NAREIT Equity	5%	0.57
Russell 2000	5%	0.47
Russell 3000	5%	0.53
S&P Mid Cap	5%	0.66
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.



## NOTES TO FINANCIAL STATEMENTS

### 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, 2016, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 4,059,689	\$ 3,730,815	\$ 328,874
<i>Changes for the year:</i>			
Service cost	60,338	-	60,338
Interest	296,404	-	296,404
Liability experience (gain)/loss	142,996	-	142,996
Assumption change	126,236	-	126,236
Contributions-employer	-	211,955	(211,955)
Net investment income	-	31,916	(31,916)
Benefit payments, including refunds of employee contributions	(215,290)	(215,290)	-
Administrative expense	-	(13,906)	13,906
Other changes	-	(46,692)	46,692
<i>Net changes</i>	410,684	(32,017)	442,701
Balances at June 30, 2016	\$ 4,470,373	\$ 3,698,798	\$ 771,575

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	\$ 1,337,763	\$ 771,575	\$ 300,258

## NOTES TO FINANCIAL STATEMENTS

### 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, 2015 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, 2016, the County recognized pension expense of \$259,703. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Investment earnings difference	\$ 210,437
Differences between expected and actual experience	110,497
Changes in assumptions	97,546
Total	<u>\$ 418,480</u>

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

Year ending June 30:	
2017	\$ 103,277
2018	103,277
2019	103,276
2020	66,563
2021	42,087
Total	<u>\$ 418,480</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2016, five 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.

## NOTES TO FINANCIAL STATEMENTS

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### 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.

### 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 2016 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.

## **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 FISCAL YEAR ENDED JUNE 30

	2016	2015
<b>Total pension liability</b>	\$	\$
Service cost	60,338	56,716
Interest on total pension liability	296,404	286,283
Differences between expected and actual experience	142,996	-
Changes of assumptions	126,236	-
Benefit payments, including refunds of employee contributions	(215,290)	(200,839)
<b>Net change in total pension liability</b>	410,684	142,160
<b>Total pension liability - beginning</b>	4,059,689	3,917,529
<b>Total pension liability - ending (a)</b>	<u>\$ 4,470,373</u>	<u>\$ 4,059,689</u>
<b>Plan fiduciary net position</b>	\$	\$
Contributions - employer	211,955	194,351
Net investment income	31,916	256,611
Benefit payments, including refunds of employee contributions	(215,290)	(200,839)
Administrative expenses	(13,906)	(12,661)
Other	(46,692)	(21,872)
<b>Net change in fiduciary net position</b>	(32,017)	215,590
<b>Plan fiduciary net position - beginning</b>	3,730,815	3,515,225
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 3,698,798</u>	<u>\$ 3,730,815</u>
<b>County's net pension liability - ending (a) - (b)</b>	<u>\$ 771,575</u>	<u>\$ 328,874</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	82.7%	91.9%
<b>Covered-employee payroll</b>	2,085,053	1,938,321
<b>County's net pension liability as a percentage of covered-employee payroll</b>	37.0%	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 FISCAL YEAR ENDED JUNE 30

	2016	2015
Actuarially determined contribution	\$ 245,510	\$ 211,955
Contributions in relation to the actuarially determined contribution	245,510	211,955
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	2,144,605	2,085,053
Contributions as a percentage of covered-employee payroll	11.4%	10.2%

### Notes to the Schedule

Valuation Date	January 1, 2015
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a 5-year smoothing period
Assumed Rate of Return On Investments	7.50%
Projected Salary Increases	3.5% - 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.

## **NONMAJOR GOVERNMENTAL FUNDS**



# JEFF DAVIS COUNTY, GEORGIA

## NONMAJOR GOVERNMENTAL FUNDS

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### **Special Revenue Funds**

<b>Community Home Investment Program</b>	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.
<b>Community Development Block Grant</b>	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.
<b>Revolving Loan</b>	To account for the activity of the County's revolving loan fund.
<b>Emergency 911</b>	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.
<b>EIP Grant</b>	To account for the activity of the County's Employment Incentive Program (EIP) grant.

### **Capital Projects Funds**

<b>LMIG Fund</b>	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.
<b>Transportation Incentive Act (TIA) SPLOST</b>	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, 2016

ASSETS	Special Revenue Funds			
	Community Home Investment Program	Community Development Block Grant	Revolving Loan	Emergency 911
Cash and cash equivalents	\$ 5	\$ 20	\$ 222,977	\$ 33,403
Accounts receivable	-	-	-	150,191
Due from other governments	-	-	-	-
Due from other funds	-	-	310,903	45,439
Total assets	<u>\$ 5</u>	<u>\$ 20</u>	<u>\$ 533,880</u>	<u>\$ 229,033</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,191
Accrued liabilities	-	-	-	3,545
Due to other funds	-	-	-	5,807
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,543</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - E911 charges	-	-	-	121,785
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,785</u>
<b>FUND BALANCES</b>				
Restricted for:				
Public safety	-	-	-	96,705
Housing and development	5	20	533,880	-
Capital projects	-	-	-	-
Total fund balance	<u>5</u>	<u>20</u>	<u>533,880</u>	<u>96,705</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5</u>	<u>\$ 20</u>	<u>\$ 533,880</u>	<u>\$ 229,033</u>

<b>Capital Projects Funds</b>			
<b>EIP Grant</b>	<b>LMIG Fund</b>	<b>TIA SPLOST Fund</b>	<b>Nonmajor Governmental Funds</b>
\$ 101	\$ 406,449	\$ 517,978	\$ 1,180,933
-	-	-	150,191
-	-	26,944	26,944
-	-	-	356,342
<u>\$ 101</u>	<u>\$ 406,449</u>	<u>\$ 544,922</u>	<u>\$ 1,714,410</u>
\$ -	\$ -	\$ -	\$ 1,191
-	-	-	3,545
-	-	-	5,807
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,543</u>
-	-	-	121,785
<u>-</u>	<u>-</u>	<u>-</u>	<u>121,785</u>
-	-	-	96,705
101	-	-	534,006
-	406,449	544,922	951,371
<u>101</u>	<u>406,449</u>	<u>544,922</u>	<u>1,582,082</u>
<u>\$ 101</u>	<u>\$ 406,449</u>	<u>\$ 544,922</u>	<u>\$ 1,714,410</u>

# JEFF DAVIS COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Community Home Investment Program	Community Development Block Grant	Revolving Loan	Emergency 911
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 14,107	\$ -	\$ -
Charges for services	-	-	-	181,281
Interest	-	-	8,286	-
Total revenues	-	14,107	8,286	181,281
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	476,861
Housing and development	-	14,087	-	-
Capital outlay	-	-	-	-
Total expenditures	-	14,087	-	476,861
Excess (deficiency) of revenues over (under) expenditures	-	20	8,286	(295,580)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	210,160
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	210,160
Net change in fund balances	-	20	8,286	(85,420)
<b>FUND BALANCE, beginning of year</b>	5	-	525,594	182,125
<b>FUND BALANCE, end of year</b>	\$ 5	\$ 20	\$ 533,880	\$ 96,705

<b>Capital Projects Funds</b>			
<b>EIP Grant</b>	<b>LMIG Fund</b>	<b>TIA SPLOST Fund</b>	<b>Nonmajor Governmental Funds</b>
\$ 470,000	\$ 518,033	\$ 446,585	\$ 1,448,725
-	-	-	181,281
101	972	-	9,359
470,101	519,005	446,585	1,639,365
-	-	140,868	617,729
-	-	-	14,087
-	114,962	-	114,962
-	114,962	140,868	746,778
470,101	404,043	305,717	892,587
-	-	-	210,160
(470,000)	-	-	(470,000)
(470,000)	-	-	(259,840)
101	404,043	305,717	632,747
-	2,406	239,205	949,335
\$ 101	\$ 406,449	\$ 544,922	\$ 1,582,082

**JEFF DAVIS COUNTY, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF**  
**SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Roads, bridges, equipment	\$ 3,547,000	\$ 3,547,000	\$ 1,058,819	\$ 313,375	\$ 1,372,194
City of Hazlehurst	2,282,000	2,282,000	1,345,910	347,517	1,693,427
Hospital	1,500,000	1,500,000	874,840	225,885	1,100,725
Public Safety	1,123,000	1,123,000	482,526	-	482,526
Development Authority	1,000,000	1,000,000	434,273	156,382	590,655
Jail	1,000,000	1,000,000	434,273	-	434,273
Recreation	503,000	503,000	193,011	-	193,011
Renovation of public buildings	<u>420,000</u>	<u>420,000</u>	<u>193,011</u>	<u>-</u>	<u>193,011</u>
	<u>\$ 11,375,000</u>	<u>\$ 11,375,000</u>	<u>\$ 5,016,663</u>	1,043,159	<u>\$ 6,059,822</u>
Debt service payments on equipment already included as an expenditure above				<u>323,694</u>	
				<u>\$ 1,366,853</u>	

## **AGENCY FUNDS**

# JEFF DAVIS COUNTY, GEORGIA

## AGENCY FUNDS

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<b>Tax Commissioner</b>	To account for tax billings, collections, and remittances made by property owners of record on behalf of other governmental agencies.
<b>Magistrate Court</b>	To account for the receipt and disbursement of court-ordered fines and fees made on behalf of third parties.
<b>Probate Court</b>	To account for the collection of fees for firearms licenses, certificates, marriage licenses, passports, etc. which are disbursed to other parties.
<b>Clerk of Court</b>	To account for the receipt and disbursement of court-ordered fines and fees made on behalf of third parties.
<b>Sheriff</b>	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, 2016**

	<u>Tax Commissioner</u>	<u>Magistrate Court</u>	<u>Probate Court</u>	<u>Clerk of Court</u>
<b>ASSETS</b>				
Cash	\$ 269,645	\$ 24,688	\$ 4,720	\$ 593,627
Taxes receivable	<u>337,613</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 607,258</u>	<u>\$ 24,688</u>	<u>\$ 4,720</u>	<u>\$ 593,627</u>
<b>LIABILITIES</b>				
Due to others	\$ 269,645	\$ 24,688	\$ 4,720	\$ 593,627
Uncollected taxes	<u>337,613</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 607,258</u>	<u>\$ 24,688</u>	<u>\$ 4,720</u>	<u>\$ 593,627</u>

<b>Sheriff</b>		<b>Total</b>	
\$	53,111	\$	945,791
	-		337,613
\$	53,111	\$	1,283,404
\$	53,111	\$	945,791
	-		337,613
\$	53,111	\$	1,283,404

## **COMPLIANCE SECTION**



**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***

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**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, 2016, 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 20, 2016. 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.

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider item 2016-001, 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 2016-002.

#### **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 20, 2016

# JEFF DAVIS COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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### SECTION I SUMMARY OF AUDIT RESULTS

#### Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_ Yes X 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, 2016 due to the County not expending \$750,000 or more of federal funds.

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### **2016-001. 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.

# JEFF DAVIS COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

#### **2016-001. 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.

#### **2016-002. 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 EIP fund for the fiscal year ended June 30, 2016.

Recommendation: We recommend the County adopt budgets for the EIP fund as required by the Official Code of Georgia.

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

**JEFF DAVIS COUNTY, GEORGIA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**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.

Auditee Response/Status: Unresolved – See current year finding 2016-001.

**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.

Auditee Response/Status: Partially resolved – See current year finding 2016-002.

**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.

Auditee Response/Status: Resolved.