JEFF DAVIS COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

JEFF DAVIS COUNTY, GEORGIA

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FINANCIAL REPORT
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MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Jeff Davis County, Georgia** (the "County"), as of and for the year ended June 30, 2017, 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.

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, 2017, 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 Schedule of Changes in the County's Net Pension Liability and Related Ratios and Schedule of County Contributions. (pages 49 and 50) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017, 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 the effectiveness of Jeff Davis County's 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 28, 2017

JEFF DAVIS COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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, 2017.

Financial Highlights

- The assets of Jeff Davis County exceeded its liabilities at June 30, 2017, by approximately $18,830,229 (net position) of which $6,214,628 is restricted for specific purposes, leaving an unrestricted net position of $499,813.

- At fiscal year-end June 30, 2017, the County's General Fund reported a total fund balance of $2,941,861.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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 $18,823,980 at the close of the most recent fiscal year.

A large portion of the County's net position, 64%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Jeff Davis County Net Position

	Governmental Activities		Percentage Change
	2017	2016	**2016-2017**
Current and other assets	$ **10,049,061**	$ 9,325,176	7.76 %
Capital assets	**16,503,841**	16,334,209	1.04
Total assets	**26,552,902**	25,659,385	3.48
Deferred Outflows of Resources	**534,443**	418,480	27.71
Long-term liabilities outstanding	**7,606,075**	7,023,491	8.29
Other liabilities	**651,041**	899,183	(27.60)
Total liabilities	**8,257,116**	7,922,674	4.22
Net position:			
Net investment in capital assets	**12,115,788**	12,300,069	(1.50)
Restricted for:			
Public safety	**94,629**	96,705	(2.15)
Housing and development	**1,465,403**	534,006	174.42
Capital projects	**4,654,596**	4,090,223	13.80
Unrestricted	**499,813**	1,134,188	(55.93)
Total net position	$ **18,830,229**	$ 18,155,191	3.72

Jeff Davis County's Changes in Net Position

	Governmental Activities		Percentage Change
Revenues	**2017**	2016	**2016-2017**
Program revenues:			
Charges for services	$ **2,030,059**	$ 1,901,454	6.76 %
Operating grants and contributions	**172,326**	176,395	(2.31)
Capital grants and contributions	**3,198,555**	2,714,584	17.83
General revenues:			
Property taxes	**4,769,084**	4,710,900	1.24
Sales taxes	**2,695,341**	2,775,374	(2.88)
Other taxes	**674,635**	656,324	2.79
Unrestricted investment earnings	**13,451**	26,375	(49.00)
Total revenues	**13,553,451**	12,961,406	4.57
Expenses			
General government	**2,814,921**	2,437,881	15.47
Judicial	**1,159,837**	1,122,868	3.29
Public safety	**3,950,059**	4,055,195	(2.59)
Public works	**3,522,922**	1,468,987	139.82
Health and welfare	**128,744**	127,869	0.68
Recreation	**565,845**	462,661	22.30
Housing & development	**573,144**	464,163	23.48
Interest on long-term debt	**162,941**	139,838	16.52
Total expenses	**12,878,413**	10,279,462	25.28
Change in net position	**675,038**	2,681,944	(74.83)
Net position, beginning of year	**18,155,191**	15,473,247	17.33
Net position, end of year	$ **18,830,229**	$ 18,155,191	3.72

The changes in net position between fiscal years 2017 and 2016 were affected by the following:

- Net change in total revenues is an increase of 4.57%.
- Charges for services increased 6.76% from the prior year. This was the result of normal fluctuations in the charges for services provided by the City.
- Capital grants and contributions increased 17.83% due to an increase in transportation tax contributions.

- Increase to public works expenses of 139.82%, was the result of increased capital outlay from resurfacing roads with T-SPLOST monies during the current year, which are not capitalized at the government wide.
- Increase to housing and development expenses of 23.48% 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 $675,038 for the year ended June 30, 2017.

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 $57,528 for prepaid items and unassigned was $2,884,333, while the total fund balance was $2,941,861.

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 0.70% of total general fund expenditures and unassigned fund balance represents 35.05%, while total fund balance represents 35.75% of that same amount.

SPLOST

The Special Purpose Local Option Sales Tax (SPLOST) 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 $2,366,207, revenues in the amount of $1,686,315, and other financing sources and uses in the amount of $661,755, resulting in an ending fund balance of $3,120,715.

Joint Development Authority

The Joint Development Authority accounts for the activity of the County's blended component unit. Revenues decreased due primarily to the reduced grant revenue during the current year. Expenditures decreased during the current year as a result of less capital outlay purchases. As a result of the decrease in revenues and decrease in expenditures, the Joint Development Authority fund reported an increase in fund balance during the current year of $391,213.

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Capital Assets. Jeff Davis County's investment in capital assets for its governmental activities as of June 30, 2017, amounts to $16,503,841 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, machinery and equipment, and infrastructure.

Jeff Davis County's Capital Assets
(Net of Depreciation)

	Governmental Activities		Percentage Change
	2017	2016	**2016-2017**
Land	**$ 2,057,303**	$ 2,113,812	(2.67) %
Construction in progress	**361,736**	-	100.00
Land improvements	**270,507**	270,572	(0.02)
Buildings and improvements	**7,656,479**	8,032,574	(4.68)
Machinery and equipment	**2,104,706**	1,576,394	33.51
Infrastructure	**4,053,110**	4,340,857	(6.63)
Total	**$ 16,503,841**	$ 16,334,209	1.04

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, 2017, is summarized below.

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Revenue bonds	$ 2,895,601	$ -	$ (186,000)	$ 2,709,601
Notes payable	543,711	315,195	(212,923)	645,983
Capital leases	594,828	813,368	(375,727)	1,032,469
Compensated absences	150,466	145,070	(144,783)	150,753
Net Pension Liability	771,575	713,004	(511,495)	973,084
Landfill post-closure costs	2,067,310	149,584	(122,709)	2,094,185
Total	$ 7,023,491	$ 2,136,221	$ (1,553,637)	$ 7,606,075

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 2017.

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, 2017

	Primary Government	Component Unit
	Governmental Activities	Board of Health
ASSETS		
Cash and cash equivalents	$ 8,929,771	$ 517,496
Taxes receivable	372,806	-
Accounts receivable	423,875	-
Due from other governments	265,081	26,706
Prepaid items	57,528	-
Capital assets, non-depreciable	2,419,039	-
Capital assets, depreciable (net of accumulated depreciation)	14,084,802	-
Total assets	26,552,902	544,202
DEFERRED OUTFLOWS OF RESOURCES		
Pension	534,443	109,715
LIABILITIES		
Accounts payable	414,001	-
Accrued liabilities	67,064	-
Due to other governments	97,781	-
Short-term notes payable	72,195	-
Capital leases due within one year	335,000	-
Capital leases due in more than one year	697,469	-
Bonds payable due within one year	198,000	-
Bonds payable due in more than one year	2,511,601	-
Compensated absences due within one year	75,377	12,664
Compensated absences due in more than one year	75,377	12,663
Notes payable due within one year	128,445	-
Notes payable due in more than one year	517,538	-
Landfill due within one year	124,305	-
Landfill due in more than one year	1,969,880	-
Net pension liability	973,084	499,107
Total liabilities	8,257,116	524,434
NET POSITION		
Net investment in capital assets	12,115,788	-
Restricted for:		
Public safety	94,629	-
Housing and development	1,465,403	-
Capital projects	4,654,596	-
Other purposes	-	173,451
Unrestricted	499,813	(43,968)
Total net position	$ 18,830,229	$ 129,483

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, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
General government	$ 2,814,921	$ 252,375	$ 149,243	$ 260,977
Judicial	1,159,837	443,353	-	-
Public safety	3,950,059	999,254	13,036	2,287,765
Public works	3,522,922	-	-	560,446
Health and welfare	128,744	-	-	-
Culture and recreation	565,845	147,612	10,047	-
Housing and development	573,144	187,465	-	89,367
Interest on long-term debt	162,941	-	-	-
Total primary government	$ 12,878,413	$ 2,030,059	$ 172,326	$ 3,198,555
Component units:				
Health Department	$ 582,248	$ 173,472	$ 387,101	$ -
Total component units	$ 582,248	$ 173,472	$ 387,101	$ -

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 Activities	**Health Department**
$ (2,152,326)	$ -
(716,484)	-
(650,004)	-
(2,962,476)	-
(128,744)	-
(408,186)	-
(296,312)	-
(162,941)	-
(7,477,473)	-
-	(21,675)
-	(21,675)
4,769,084	-
2,695,341	-
674,635	-
13,451	-
8,152,511	-
675,038	(21,675)
18,155,191	151,158
$ 18,830,229	$ 129,483

JEFF DAVIS COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

ASSETS	**General Fund**	**SPLOST Fund**	**TIA SPLOST Fund**
Cash and cash equivalents	$ 2,869,421	$ 3,237,209	$ 841,353
Taxes receivable	372,806	-	-
Accounts receivable	114,964	-	-
Due from other governments	85,822	142,871	27,372
Due from other funds	91,689	-	-
Prepaid items	57,528	-	-
Total assets	$ 3,592,230	$ 3,380,080	$ 868,725
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 345,319	$ 49,035	$ -
Accrued liabilities	43,017	-	-
Due to other funds	-	112,549	-
Due to other governments	-	97,781	-
Short-term note payable	-	-	-
Total liabilities	388,336	259,365	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	262,033	-	-
Total deferred inflows of resources	262,033	-	-
FUND BALANCES			
Fund balances:			
Nonspendable for prepaids	57,528	-	-
Restricted for:			
Public safety	-	-	-
Housing and development	-	-	-
Capital projects	-	3,120,715	868,725
Unassigned	2,884,333	-	-
Total fund balances	2,941,861	3,120,715	868,725
Total liabilities, deferred inflows of resources and fund balances	$ 3,592,230	$ 3,380,080	$ 868,725

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.

	Joint Development Authority	Nonmajor Governmental Funds	Total Governmental Funds
	$ 962,235	$ 1,019,553	$ 8,929,771
	-	-	372,806
	244,164	64,747	423,875
	-	9,016	265,081
	26,667	235,214	353,570
	-	-	57,528
	$ 1,233,066	$ 1,328,530	$ 10,402,631
	$ 523	$ 19,124	$ 414,001
	-	3,545	46,562
	235,214	5,807	353,570
	-	-	97,781
	72,195	-	72,195
	307,932	28,476	984,109
	-	-	262,033
	-	-	262,033
	-	-	57,528
	-	94,629	94,629
	925,134	540,269	1,465,403
	-	665,156	4,654,596
	-	-	2,884,333
	925,134	1,300,054	9,156,489
	$ 1,233,066	$ 1,328,530	
			16,503,841
			262,033
			(7,606,075)
			534,443
			(20,502)
			$ 18,830,229

JEFF DAVIS COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	SPLOST Fund	TIA SPLOST Fund
REVENUES			
Property taxes	$ 4,834,983	$ -	$ -
Sales taxes	1,010,751	1,684,590	-
Other taxes	674,635	-	-
Licenses and permits	59,181	-	-
Intergovernmental	260,977	-	2,287,765
Charges for services	1,165,208	-	-
Court fees, fines, and forfeitures	426,716	-	-
Interest	37	1,725	-
Leases	-	-	-
Other	172,308	-	-
Total revenues	8,604,796	1,686,315	2,287,765
EXPENDITURES			
Current:			
General government	1,835,273	-	-
Judicial	1,155,348	-	-
Public safety	3,129,375	-	-
Public works	1,424,797	-	-
Health and welfare	128,744	-	-
Culture and recreation	446,820	-	-
Housing and development	108,914	-	-
Intergovernmental	-	556,715	-
Capital outlay	-	1,278,656	1,963,962
Debt service:			
Principal	-	519,564	-
Interest	-	11,272	-
Total expenditures	8,229,271	2,366,207	1,963,962
Excess (deficiency) of revenues over (under) expenditures	375,525	(679,892)	323,803
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(510,859)	(151,613)	-
Proceeds from sale of capital assets	211,138	-	-
Proceeds from capital lease	-	813,368	-
Proceeds from the issuance of notes	-	-	-
Total other financing sources (uses)	(299,721)	661,755	-
Net change in fund balances	75,804	(18,137)	323,803
FUND BALANCES, beginning of year	2,866,057	3,138,852	544,922
FUND BALANCES, end of year	$ 2,941,861	$ 3,120,715	$ 868,725

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

Joint Development Authority	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 4,834,983
-	-	2,695,341
-	-	674,635
-	-	59,181
-	648,088	3,196,830
-	191,489	1,356,697
-	-	426,716
4,924	8,490	15,176
187,465	-	187,465
18	-	172,326
192,407	848,067	13,619,350
-	-	1,835,273
-	-	1,155,348
-	478,659	3,608,034
-	-	1,424,797
-	-	128,744
-	-	446,820
143,769	59,372	312,055
-	30,000	586,715
456	302,236	3,545,310
255,086	-	774,650
154,018	-	165,290
553,329	870,267	13,983,036
(360,922)	(22,200)	(363,686)
377,378	285,094	662,472
-	-	(662,472)
59,562	-	270,700
-	-	813,368
315,195	-	315,195
752,135	285,094	1,399,263
391,213	262,894	1,035,577
533,921	1,037,160	8,120,912
$ 925,134	$ 1,300,054	$ 9,156,489

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, 2017

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

Net change in fund balances - total governmental funds	$	1,035,577
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		344,579
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(174,947)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(65,899)
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.		(353,913)
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.		(110,359)
Change in net position	$	675,038

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 5,083,454	$ 5,083,454	$ 4,834,983	$ (248,471)
Sales taxes	1,058,857	1,058,857	1,010,751	(48,106)
Other taxes	660,222	660,222	674,635	14,413
Licenses and permits	58,803	58,803	59,181	378
Intergovernmental	41,229	41,229	260,977	219,748
Charges for services	943,014	943,014	1,165,208	222,194
Fines and forfeitures	341,994	341,994	426,716	84,722
Interest	-	-	37	37
Other	137,149	137,149	172,308	35,159
Total revenues	8,324,722	8,324,722	8,604,796	280,074
EXPENDITURES				
Current:				
General government:				
Board of elections	119,258	119,258	115,848	3,410
Administration	1,269,322	1,269,322	1,257,927	11,395
Tax commissioner	251,402	251,402	251,492	(90)
Tax assessors	197,875	197,875	210,006	(12,131)
Total general government	1,837,857	1,837,857	1,835,273	2,584
Judicial:				
Superior court	228,785	228,785	224,944	3,841
Clerk of court	263,710	263,710	254,158	9,552
State court	143,308	143,308	154,064	(10,756)
Magistrate court	262,553	262,553	276,635	(14,082)
Probate court	145,549	145,549	144,470	1,079
Juvenile court	79,119	79,119	101,077	(21,958)
Total judicial	1,123,024	1,123,024	1,155,348	(32,324)
Public safety:				
Sheriff	1,261,232	1,261,232	1,261,825	(593)
Jail	658,915	658,915	637,346	21,569
Fire	189,328	189,328	339,158	(149,830)
Emergency medical services	708,952	708,952	821,328	(112,376)
Coroner	24,285	24,285	19,986	4,299
Emergency management	47,913	47,913	49,732	(1,819)
Total public safety	2,890,625	2,890,625	3,129,375	(238,750)
Public works:				
Highways and streets	949,726	949,726	1,025,481	(75,755)
Solid waste collection	335,453	335,453	399,316	(63,863)
Total public works	1,285,179	1,285,179	1,424,797	(139,618)

(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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (CONTINUED)				
Current (Continued):				
Health and welfare:				
Health	$ 103,918	$ 103,918	$ 125,074	$ (21,156)
Welfare	12,318	12,318	3,670	8,648
Total health and welfare	116,236	116,236	128,744	(12,508)
Culture and recreation:				
Recreation	360,050	360,050	355,085	4,965
Towns Bluff	72,800	72,800	50,329	22,471
Libraries	41,406	41,406	41,406	-
Total culture and recreation	474,256	474,256	446,820	27,436
Housing and development:				
Conservation	24,161	24,161	21,882	2,279
County Agent	101,666	101,666	87,032	14,634
Total housing and development	125,827	125,827	108,914	16,913
Total expenditures	7,853,004	7,853,004	8,229,271	(376,267)
Excess of revenues over expenditures	471,718	471,718	375,525	(96,193)
OTHER FINANCING SOURCES (USES)				
Transfers out	(558,802)	(558,802)	(510,859)	47,943
Proceeds from sale of capital assets	95,979	95,979	211,138	115,159
Total other financing sources (uses)	(462,823)	(462,823)	(299,721)	163,102
Net change in fund balances	8,895	8,895	75,804	66,909
FUND BALANCES, beginning of year	2,866,057	2,866,057	2,866,057	-
FUND BALANCES, end of year	$ 2,874,952	$ 2,874,952	$ 2,941,861	$ 66,909

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, 2017

		Agency Funds
ASSETS		
Cash	$	908,961
Taxes receivable		324,013
Total assets	$	1,232,974
LIABILITIES		
Due to others	$	908,961
Uncollected taxes		324,013
Total liabilities	$	1,232,974

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Blended Component Unit

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Unit

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The County reports the following major governmental funds:

The ***General Fund*** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Georgia.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **Transportation Investment Special Purpose Local Option Sales Tax (TIA SPLOST)** to account for the financial resources provided and subsequently expended from Transportation Special Purpose Local Options Sales Tax receipts. The County is using the taxes for approved projects for roads, streets and bridges.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Interfund Receivables and Payables

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

F. Prepaid Items

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

G. Capital Assets

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

Fund Balance (Continued)

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners may modify or rescind the commitment.

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

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Use of Estimates

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

N. Tax Abatement Agreements

During the year ended June 30, 2017, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. This statement requires the County to disclose information for any tax abatement agreements either entered into by the County, or agreements entered into by other governments that reduce the County's tax revenues.

The County enters into property tax abatement programs with local businesses for the purpose of attracting and retaining business within their jurisdictions. The tax abatements can be granted to any business located within the County. These tax abatement programs are issued on a case by case basis for individual businesses for both real and personal property. During the year ended June 30, 2017, the County abated property taxes totaling $201,171. Tax abatements during the current year range from 90% to 100% of assessed values over a time period up to 12 years.

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 $7,606,075 difference are as follows:

Capital leases payable	$ (1,032,469)
Revenue bonds payable	(2,709,601)
Notes payable	(645,983)
Landfill post-closure costs	(2,094,185)
Net pension liability	(973,084)
Compensated absences	(150,753)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (7,606,075)

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 $344,579 difference are as follows:

Capital outlay	$	1,674,661
Depreciation expense		(1,330,082)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	344,579

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 $353,913 difference are as follows:

Debt issuance:		
Capital leases proceeds	$	(813,368)
Notes proceeds		(315,195)
Principal repayments:		
Capital leases		375,727
Revenue bonds payable		186,000
Notes payable		212,923
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(353,913)

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 $110,359 difference are as follows:

Compensated absences	$	(287)
Accrued interest		2,349
Landfill postclosure costs		(26,875)
Net pension liability and related deferred outflows of resources		(85,546)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(110,359)

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, 2017.

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

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

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

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2017, expenditures exceeded budget, as follows:

Fund or Department	Excess
General Fund:	
Tax commissioner	$ 90
State court	10,756
Magistrate court	14,082
Juvenile court	21,958
Sheriff	593
Emergency management	1,819
Emergency medical services	112,376
Fire	149,830
Tax assessors	12,131
Health	21,156
Highways and streets	75,755
Solid waste collection	63,863

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

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2017, are summarized as follows:

Balances per Statement of Net Position:		
Cash and cash equivalents - Primary government	$	8,929,771
Cash - Agency funds		908,961
	$	9,838,732
Balances by type:		
Cash deposited with financial institutions	$	9,838,732
	$	9,838,732

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, 2017, 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, 2017, all of the deposits of the County were properly insured and collateralized as required by the Official Code of Georgia.

NOTE 5. RECEIVABLES

Receivables at June 30, 2017 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General	SPLOST	TIA SPLOST
Receivables:			
Taxes	$ 372,806	$ -	$ -
Accounts	375,623	-	27,372
Due from other governments	85,822	142,871	-
Gross receivables	834,251	142,871	27,372
Less allowance for uncollectibles	260,659	-	-
Net total receivables	$ 573,592	$ 142,871	$ 27,372

	Joint Development Authority	Nonmajor Governmental Funds	Total Governmental Funds
Receivables:			
Taxes	$ -	$ -	$ 372,806
Accounts	244,164	64,747	711,906
Due from other governments	-	9,016	237,709
Gross receivables	244,164	73,763	1,322,421
Less allowance for uncollectibles	-	-	260,659
Net total receivables	$ 244,164	$ 73,763	$ 1,061,762

Property taxes were levied on October 11, 2016. Bills were payable on or before December 20, 2016, 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, 2016. The County bills and collects its own property taxes. Property taxes levied for 2016 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2017 and collected by August 31, 2017 are recognized as revenues in the year ended June 30, 2017. Net receivables estimated to be collected subsequent to August 31, 2017 are deferred as of June 30, 2017 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

NOTE 6. CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 2,113,812	$ 39,703	$ (96,212)	$ -	$ 2,057,303
Constuction in progress	-	361,736	-	-	361,736
Total	2,113,812	401,439	(96,212)	-	2,419,039
Capital assets, being depreciated:					
Land improvements	573,541	30,308	-	-	603,849
Buildings and improvements	13,340,166	6,600	-	-	13,346,766
Machinery and equipment	6,879,222	1,236,314	(293,336)	-	7,822,200
Infrastucture	5,546,780	-	-	-	5,546,780
Total	26,339,709	1,273,222	(293,336)	-	27,319,595
Less accumulated depreciation for:					
Land improvements	(302,969)	(30,373)	-	-	(333,342)
Buildings and improvements	(5,307,592)	(382,695)	-	-	(5,690,287)
Machinery and equipment	(5,302,828)	(629,268)	214,601	-	(5,717,495)
Infrastructure	(1,205,923)	(287,746)	-	-	(1,493,669)
Total	(12,119,312)	(1,330,082)	214,601	-	(13,234,793)
Total capital assets, being depreciated, net	14,220,397	(56,860)	(78,735)	-	14,084,802
Total capital assets, net	$ 16,334,209	$ 344,579	$ (174,947)	-	$ 16,503,841

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

Governmental activities:	
General government	$ 390,533
Judicial	4,077
Public safety	282,430
Public works	315,219
Culture and recreation	76,734
Housing and development	261,089
Total depreciation expense - governmental activities	$ 1,330,082

NOTE 7. SHORT-TERM DEBT

Line of Credit. 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 $160,195. The line of credit was renewed December 31, 2016 with a variable interest rate, which is the prime rate with interest due monthly and principal due on December 31, 2017. The principal balance was $72,195 as of June 30, 2017.

The following is a summary of short-term debt transactions for the County for the year ended June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance
Lines of credit	$ 315,412	$ 72,195	$ (315,412)	$ 72,195
Total	$ 315,412	$ 72,195	$ (315,412)	$ 72,195

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, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	$ 2,895,601	$ -	$ (186,000)	$ 2,709,601	$ 198,000
Notes payable	543,711	315,195	(212,923)	645,983	128,445
Capital leases	594,828	813,368	(375,727)	1,032,469	335,000
Compensated absences	150,466	145,070	(144,783)	150,753	75,377
Net pension liability	771,575	713,004	(511,495)	973,084	-
Landfill post-closure costs	2,067,310	149,584	(122,709)	2,094,185	124,305
Governmental activities Long-term liabilities	$ 7,023,491	$ 2,136,221	$ (1,553,637)	$ 7,606,075	$ 861,127

Compensated absences, the net pension liability, and landfill post-closure costs are generally liquidated by the General Fund.

NOTE 8. LONG-TERM DEBT (CONTINUED)

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, 2017, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Series 2004A	6.85%	15 years	2019	$ 1,732,000	$ 210,000
Series 2014A	4.40%	15 years	2029	1,666,326	1,666,326
Series 2014B	4.40%	15 years	2029	833,275	833,275
					$ 2,709,601

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

Fiscal year ending June 30,	Principal	Interest	Total
2018	$ 198,000	$ 110,611	$ 308,611
2019	12,000	103,419	115,419
2020	-	103,008	103,008
2021	158,915	100,644	259,559
2022	217,185	90,984	308,169
2023-2027	1,239,388	293,929	1,533,317
2028-2030	884,113	33,480	917,593
Total	$ 2,709,601	$ 836,075	$ 3,237,065

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, 2017. 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, 2017, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Broxton road project	2.69%	6 years	2018	$ 800,500	$ 81,225
Renewal and amortization of line of credit	Variable	10 years	2027	315,195	301,859
Agriculture processing facility expansion	3.00%	20 years	2028	440,948	262,899
					$ 645,983

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

Fiscal year ending June 30,	Principal	Interest	Total
2018	$ 128,445	$ 17,792	$ 146,237
2019	50,776	15,302	66,078
2020	52,345	13,732	66,077
2021	54,003	12,075	66,078
2022	55,647	10,385	66,032
2023-2027	290,289	24,767	315,056
2027-2031	14,478	163	14,641
Total	$ 645,983	$ 94,216	$ 740,199

NOTE 8. LONG-TERM DEBT (CONTINUED)

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

The cost of assets under capital leases as of June 30, 2017:

	Governmental Activities
Machinery and equipment	$ 1,932,820
Less accumulated depreciation	(842,385)
Carrying value	$ 1,090,435

Current year depreciation expense of assets under capital lease totaled $239,657.

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

Fiscal year ending June 30,	
2018	$ 356,456
2019	169,943
2020	125,191
2021	125,191
2022	326,690
Total minimum lease payments	1,103,471
Less amount representing interest	71,002
Present value of future minimum lease payments	$ 1,032,469

Landfill Post-closure 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, 2017, the County has a remaining 14 years of monitoring. Engineering studies estimate post-closure costs of approximately $2,094,185 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, 2017. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this post-closure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund		Amount
Joint Development Authority Fund	SPLOST Fund	$	26,667
General Fund	Nonmajor Governmental Funds		5,807
General Fund	SPLOST Fund		85,882
Nonmajor Governmental Funds	Joint Development Authority Fund		235,214
		$	353,570

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

Interfund transfers:

Transfers In	Transfers Out		Amount
Joint Development Authority Fund	General Fund	$	225,765
Joint Development Authority Fund	SPLOST Fund		151,613
Nonmajor Governmental Funds	General Fund		285,094
		$	662,472

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.

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 1.00% 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 1.00% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at www.gebcorp.com or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

Plan Membership. As of January 1, 2016, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	33
Inactive plan members entitled to but not receiving benefits	47
Active plan members	71
Total	151

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, 2017, the County's contribution rate was 11.4% of annual payroll. County contributions to the Plan were $245,510 for the year ended June 30, 2017.

Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2016.

Actuarial Assumptions. The total pension liability in the January 1, 2016 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	7.25%, 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, 2016 valuation were based on the results of an actuarial experience study for December 31, 2015.

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, 2016, are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
S&P 500	30%	3.07 %
Barclay's Agg.	30%	1.97
MSCI EAFE	15%	0.86
Citi Non US WEBI	5%	0.30
NAREIT Equity	5%	0.52
Russell 2000	5%	0.47
Russell 3000	5%	0.51
S&P Mid Cap	5%	0.58
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 7.25%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made based on the average County contribution made to the Plan over the prior five years. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended June 30, 2017, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	$ 4,470,373	$ 3,698,798	$ 771,575
Changes for the year:			
Service cost	73,151	-	73,151
Interest	326,410	-	326,410
Liability experience (gain)/loss	131,356	-	131,356
Assumption change	141,756	-	141,756
Contributions-employer	-	245,510	(245,510)
Net investment income	-	265,985	(265,985)
Benefit payments, including refunds of employee contributions	(236,489)	(236,489)	-
Administrative expense	-	(17,407)	17,407
Other changes	-	(22,924)	22,924
Net changes	436,184	234,675	201,509
Balances at June 30, 2017	$ 4,906,557	$ 3,933,473	$ 973,084

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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's net pension liability	$ 1,611,142	$ 973,084	$ 442,795

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, 2016, 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, 2017, the County recognized pension expense of $331,056. At June 30, 2017, 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	$ 173,850
Differences between expected and actual experience	180,798
Changes in assumptions	179,795
Total	$ 534,443

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

Year ending June 30:	
2018	$ 16,022
2019	157,828
2020	102,800
2021	77,998
2022	110,939
2023	68,856
Total	$ 534,443

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, 2017, 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 (O.C.G.A.), and participates in risk sharing arrangements among Georgia county governments. Members jointly self-insure the risks of general liability, motor vehicle liability, property damage or any combination of such risks. Coverages are subject to a $1,000 deductible per occurrence.

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

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

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

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

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

Grant Contingencies

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

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 (O.C.G.A.) 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. O.C.G.A. 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 2017 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

	2017	2016	2015
Total pension liability			
Service cost	**$ 73,151**	$ 60,338	$ 56,716
Interest on total pension liability	**326,410**	296,404	286,283
Differences between expected and actual experience	**131,356**	142,996	-
Changes of assumptions	**141,756**	126,236	-
Benefit payments, including refunds of employee contributions	-	(215,290)	(200,839)
Net change in total pension liability	**672,673**	410,684	142,160
Total pension liability - beginning	**4,470,374**	4,059,689	3,917,529
Total pension liability - ending (a)	**$ 5,143,047**	$ 4,470,373	$ 4,059,689
Plan fiduciary net position			
Contributions - employer	**$ 245,510**	$ 211,955	$ 194,351
Net investment income	**265,986**	31,916	256,611
Benefit payments, including refunds of employee contributions	-	(215,290)	(200,839)
Administrative expenses	**(17,407)**	(13,906)	(12,661)
Other	**(22,924)**	(46,692)	(21,872)
Net change in fiduciary net position	**471,165**	(32,017)	215,590
Plan fiduciary net position - beginning	**3,698,798**	3,730,815	3,515,225
Plan fiduciary net position - ending (b)	**$ 4,169,963**	$ 3,698,798	$ 3,730,815
County's net pension liability - ending (a) - (b)	**$ 973,084**	$ 771,575	$ 328,874
Plan fiduciary net position as a percentage of total pension liability	**81.1%**	82.7%	91.9%
Covered-employee payroll	**$ 2,144,605**	$ 2,085,053	$ 1,938,321
County's net pension liability as a percentage of covered-employee payroll	**45.4%**	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

	2017	2016	2015
Actuarially determined contribution	**$ 222,547**	$ 245,510	211,955
Contributions in relation to the actuarially determined contribution	**222,547**	245,510	211,955
Contribution deficiency (excess)	**$ -**	$ -	$ -
Covered-employee payroll	**$ 1,938,321**	$ 2,144,605	$ 2,085,053
Contributions as a percentage of covered-employee payroll	**11.5%**	11.4%	10.2%

Notes to the Schedule

Valuation Date	January 1, 2016
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a 5-year smoothing period
Assumed Rate of Return On Investments	7.25%
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

Special Revenue Funds

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

Capital Project Fund

LMIG Fund	To account for the funds received from the State of Georgia through the local maintenance and improvement grant program and the corresponding capital project expenditures thereof.

JEFF DAVIS COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds			
ASSETS	**Community Home Investment Program**	**Community Development Block Grant**	**Revolving Loan**	**Emergency 911**
Cash and cash equivalents	$ -	$ 20	$ 304,932	$ 39,342
Accounts receivable	-	-	-	64,747
Due from other governments	-	9,016	-	-
Due from other funds	-	-	235,214	-
Total assets	$ -	$ 9,036	$ 540,146	$ 104,089
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ 9,016	$ -	$ 108
Accrued liabilities	-	-	-	3,545
Due to other funds	-	-	-	5,807
Total liabilities	-	9,016	-	9,460
FUND BALANCES				
Restricted for:				
Public safety	-	-	-	94,629
Housing and development	-	20	540,146	-
Capital projects	-	-	-	-
Total fund balance	-	20	540,146	94,629
Total liabilities, deferred inflows of resources, and fund balances	$ -	$ 9,036	$ 540,146	$ 104,089

	Capital Project Fund	
EIP Grant	LMIG Fund	Nonmajor Governmental Funds
$ 10,103	$ 665,156	$ 1,019,553
-	-	64,747
-	-	9,016
-	-	235,214
$ 10,103	$ 665,156	$ 1,328,530
$ 10,000	$ -	$ 19,124
-	-	3,545
-	-	5,807
10,000	-	28,476
-	-	94,629
103	-	540,269
-	665,156	665,156
103	665,156	1,300,054
$ 10,103	$ 665,156	$ 1,328,530

JEFF DAVIS COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	Community Home Investment Program	**Community Development Block Grant**	**Revolving Loan**	**Emergency 911**
REVENUES				
Intergovernmental	$ -	$ 59,367	$ -	$ -
Charges for services	-	-	-	191,489
Interest	-	-	6,266	-
Total revenues	-	59,367	6,266	191,489
EXPENDITURES				
Current:				
Public safety	-	-	-	478,659
Housing and development	5	59,367	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	5	59,367	-	478,659
Excess (deficiency) of revenues over (under) expenditures	(5)	-	6,266	(287,170)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	285,094
Total other financing sources	-	-	-	285,094
Net change in fund balances	(5)	-	6,266	(2,076)
FUND BALANCE, beginning of year	5	20	533,880	96,705
FUND BALANCE, end of year	$ -	$ 20	$ 540,146	$ 94,629

	Capital Project Fund	
EIP Grant	LMIG Fund	Nonmajor Governmental Funds
$ 30,000	$ 558,721	$ 648,088
-	-	191,489
2	2,222	8,490
30,002	560,943	848,067
-	-	478,659
-	-	59,372
30,000	-	30,000
-	302,236	302,236
30,000	302,236	870,267
2	258,707	(22,200)
-	-	285,094
-	-	285,094
2	258,707	262,894
101	406,449	1,037,160
$ 103	$ 665,156	$ 1,300,054

JEFF DAVIS COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Roads, bridges, equipment	$ 3,547,000	$ 3,547,000	$ 1,372,194	$ 1,278,656	$ 2,650,850
City of Hazlehurst	2,282,000	2,282,000	1,693,427	556,715	2,250,142
Hospital	1,500,000	1,500,000	1,100,725	-	1,100,725
Public Safety	1,123,000	1,123,000	482,526	-	482,526
Development Authority	1,000,000	1,000,000	590,655	151,613	742,268
Jail	1,000,000	1,000,000	434,273	-	434,273
Recreation	503,000	503,000	193,011	-	193,011
Renovation of public buildings	420,000	420,000	193,011	-	193,011
	$ 11,375,000	$ 11,375,000	$ 6,059,822	1,986,984	$ 8,046,806
Debt service payments on equipment already included as an expenditure above and transfers out				530,836	
				$ 2,517,820	

AGENCY FUNDS

JEFF DAVIS COUNTY, GEORGIA

AGENCY FUNDS

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

JEFF DAVIS COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2017

	Tax Commissioner	Magistrate Court	Probate Court	Clerk of Court
ASSETS				
Cash	$ 216,200	$ 24,085	$ 4,730	$ 597,205
Taxes receivable	324,013	-	-	-
Total assets	$ 540,213	$ 24,085	$ 4,730	$ 597,205
LIABILITIES				
Due to others	$ 216,200	$ 24,085	$ 4,730	$ 597,205
Uncollected taxes	324,013	-	-	-
Total Liabilities	$ 540,213	$ 24,085	$ 4,730	$ 597,205

Sheriff	Total
$ 66,741	$ 908,961
-	324,013
$ 66,741	$ 1,232,974
$ 66,741	$ 908,961
-	324,013
$ 66,741	$ 1,232,974

COMPLIANCE SECTION

MAULDIN
& JENKINS

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jeff Davis County, Georgia (the County) as of and for the year ended June 30, 2017, 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 28, 2017. 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.

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 2017-001, 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 2017-002.

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 28, 2017

JEFF DAVIS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2017 due to the County not expending $750,000 or more of federal funds.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2017-001. Segregation of Duties (Repeat Finding)

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

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

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

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

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

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

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2017-001. 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.

2017-002. 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, 2017.

Recommendation: We recommend the County adopt an annual balanced budget 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 an annual balanced budget for all funds requiring an annual adopted budget as required by the Official Code of Georgia.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

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.

Auditee Response/Status: Unresolved – See current year finding 2017-001

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.

Auditee Response/Status: Unresolved – See current year finding 2017-002