# JEFF DAVIS COUNTY, GEORGIA

## FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED
## JUNE 30, 2018

# JEFF DAVIS COUNTY, GEORGIA

## FINANCIAL REPORT
## FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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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, 2018, 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.

300 MULBERRY STREET, SUITE 300 • POST OFFICE BOX 1877 • MACON, GEORGIA 31202-1877 • 478-464-8000 • FAX 478-464-8051 • www.mjcpa.com
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jeff Davis County, Georgia, as of June 30, 2018, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Notes 11 and 15, the County implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as of July 1, 2017. This standard significantly changed the accounting for the County's total other post-employment benefits (OPEB) liability and the related disclosures. Our opinions are not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 4 through 10), the Schedule of Changes in the County's Total OPEB Liability and Related Ratios (page 52), and the Schedule of Changes in the County's Net Pension Liability and Related Ratios, and Schedule of County Contributions (pages 53 and 54), 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 is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures 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 expenditures 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, 2018, 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 solely 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, 2018

# JEFF DAVIS COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS
## JUNE 30, 2018

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, 2018.

**Financial Highlights**

- The assets of Jeff Davis County exceeded its liabilities at June 30, 2018, by $19,383,206 (net position) of which $6,311,378 is restricted for specific purposes, leaving negative unrestricted net position of $187,409.

- At fiscal year-end June 30, 2018, the County's General Fund reported a total fund balance of $3,173,857.

**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 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 $19,383,206 at the close of the most recent fiscal year.

A large portion of the County's net position, 68%, 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 |
|---|---|---|---|
| | **2018** | 2017 | **2017-2018** |
| Current and other assets | **$ 10,614,436** | $ 10,049,061 | 5.63 % |
| Capital assets | **16,981,247** | 16,503,841 | 2.89 |
| Total assets | **27,595,683** | 26,552,902 | 3.93 |
| Deferred outflows of resources | **248,977** | 534,443 | (53.41) |
| Long-term liabilities outstanding | **7,754,058** | 7,606,075 | 1.95 |
| Other liabilities | **756,290** | 651,041 | 16.17 |
| Total liabilities | **8,510,348** | 8,257,116 | 3.07 |
| Deferred inflows of resources | **186,555** | - | N/A |
| Net position: | | | |
| Net investment in capital assets | **13,259,237** | 12,115,788 | 9.44 |
| Restricted for: | | | |
| Public safety | **69,891** | 94,629 | (26.14) |
| Housing and development | **1,429,919** | 1,465,403 | (2.42) |
| Capital projects | **4,811,568** | 4,654,596 | 3.37 |
| Unrestricted | **(187,409)** | 499,813 | (137.50) |
| Total net position | **$ 19,383,206** | $ 18,830,229 | 2.94 |

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

| | Governmental Activities | | Percentage Change |
|---|---|---|---|
| **Revenues** | **2018** | 2017 | **2017-2018** |
| Program revenues: | | | |
| Charges for services | **$ 1,810,760** | $ 2,030,059 | (10.80) % |
| Operating grants and contributions | **342,249** | 172,326 | 98.61 |
| Capital grants and contributions | **1,499,031** | 3,198,555 | (53.13) |
| General revenues: | | | |
| Property taxes | **5,460,262** | 4,769,084 | 14.49 |
| Sales taxes | **2,693,263** | 2,695,341 | (0.08) |
| Other taxes | **696,593** | 674,635 | 3.25 |
| Unrestricted investment earnings | **12,166** | 13,451 | (9.55) |
| Total revenues | **12,514,324** | 13,553,451 | (7.67) |
| **Expenses** | | | |
| General government | **2,759,888** | 2,814,921 | (1.96) |
| Judicial | **1,135,007** | 1,159,837 | (2.14) |
| Public safety | **3,908,663** | 3,950,059 | (1.05) |
| Public works | **1,550,610** | 3,522,922 | (55.99) |
| Health and welfare | **103,676** | 128,744 | (19.47) |
| Recreation | **570,934** | 565,845 | 0.90 |
| Housing and development | **838,218** | 573,144 | 46.25 |
| Interest on long-term debt | **144,901** | 162,941 | (11.07) |
| Total expenses | **11,011,897** | 12,878,413 | (14.49) |
| Change in net position | **1,502,427** | 675,038 | 122.57 |
| Net position, beginning of year | **18,830,229** | 18,155,191 | 3.72 |
| Net position, end of year | **$ 20,332,656** | $ 18,830,229 | 7.98 |

The changes in net position between fiscal years 2018 and 2017, were affected by the following:

- Net change in total revenues is a decrease of 8.72%.
- Charges for services decreased 10.80% from the prior year. This was the result of normal fluctuations in the charges for services provided by the City.
- Capital grants and contributions decreased 57.60% due to a decrease in transportation tax contributions.
- Decrease to public works expenses of 55.99%, was the result of decreased capital outlay from resurfacing roads with T-SPLOST monies during the current year, which are not capitalized at the government wide level.
- Increase to housing and development expenses of 46.25% 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 $1,502,427 for the year ended June 30, 2018.

## 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 $202,504 for prepaid items and unassigned was $2,971,353, while the total fund balance was $3,173,857.

As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Non-spendable fund balance represents 2.42% of total general fund expenditures and unassigned fund balance represents 35.44%, while total fund balance represents 37.85% 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 $1,846,070, revenues in the amount of $1,681,612, and other financing uses in the amount of $142,974, resulting in an ending fund balance of $2,813,283.

### 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 lease receipts during the current year. Expenditures decreased during the current year as a result of lower debt service payments. As a result of the decrease in revenues and decrease in expenditures, the Joint Development Authority fund reported a decrease in fund balance during the current year of $39,369.

## 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, 2018, amounts to $16,981,247 (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 |
|---|---|---|---|
| | **2018** | 2017 | **2017-2018** |
| Land | **$ 2,505,587** | $ 2,057,303 | 21.79 % |
| Construction in progress | **956,591** | 361,736 | 164.44 |
| Land improvements | **321,287** | 270,507 | 18.77 |
| Buildings and improvements | **7,273,785** | 7,656,479 | (5.00) |
| Machinery and equipment | **2,056,321** | 2,104,705 | (2.30) |
| Infrastructure | **3,867,676** | 4,053,111 | (4.58) |
| Total | **$ 16,981,247** | $ 16,503,841 | 2.89 |

The majority of the increase is the result of the County's purchase of capital assets 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, 2018, is summarized below.

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Revenue bonds | $ 2,709,601 | $ - | $ (210,000) | $ 2,499,601 |
| Notes payable | 645,983 | - | (121,043) | 524,940 |
| Capital leases | 1,032,469 | - | (335,000) | 697,469 |
| Compensated absences | 150,753 | 144,432 | (152,555) | 142,630 |
| Total OPEB liability | 949,450 | 307,335 | (38,061) | 1,218,724 |
| Net Pension liability | 973,084 | 468,826 | (903,096) | 538,814 |
| Landfill post-closure costs | 2,094,185 | 182,931 | (145,236) | 2,131,880 |
| Total | $ 8,555,525 | $ 1,103,524 | $ (1,904,991) | $ 7,754,058 |

**Long-term Debt (Continued).** Decreases to the County's debt were the result of normal debt service payments made by the County. Additionally, the net pension liability decreased as a result of better market conditions during the current year.

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 2019.

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, 2018

| | Primary Government Governmental Activities | Component Unit Board of Health |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 9,147,298 | $ 539,798 |
| Taxes receivable | 424,129 | - |
| Accounts receivable | 585,092 | - |
| Due from other governments | 255,413 | 29,627 |
| Prepaid items | 202,504 | - |
| Net OPEB asset | - | 28,018 |
| Capital assets, non-depreciable | 3,462,178 | - |
| Capital assets, depreciable (net of accumulated depreciation) | 13,519,069 | - |
| Total assets | 27,595,683 | 597,443 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Other post-employment benefits | 235,449 | - |
| Pension | 248,977 | 70,262 |
| Total deferred outflows of resources | 484,426 | 70,262 |
| **LIABILITIES** | | |
| Accounts payable | 524,487 | - |
| Accrued liabilities | 65,345 | - |
| Due to other governments | 84,263 | - |
| Short-term notes payable | 82,195 | - |
| Capital leases due within one year | 152,414 | - |
| Capital leases due in more than one year | 545,055 | - |
| Bonds payable due in more than one year | 2,499,601 | - |
| Compensated absences due within one year | 71,315 | 12,702 |
| Compensated absences due in more than one year | 71,315 | 12,701 |
| Notes payable due within one year | 50,776 | - |
| Notes payable due in more than one year | 474,164 | - |
| Landfill due within one year | 116,644 | - |
| Landfill due in more than one year | 2,015,236 | - |
| Total other post-employment benefit liability | 1,218,724 | - |
| Net pension liability | 538,814 | 422,866 |
| Total liabilities | 8,510,348 | 448,269 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| OPEB | - | 4,541 |
| Pension | 186,555 | 4,666 |
| Total deferred inflows of resources | 186,555 | 9,207 |
| **NET POSITION** | | |
| Net investment in capital assets | 13,259,237 | - |
| Restricted for: | | |
| Public safety | 69,891 | - |
| Housing and development | 1,429,919 | - |
| Capital projects | 4,811,568 | - |
| Other purposes | - | 231,045 |
| Unrestricted | (187,409) | (20,816) |
| Total net position | $ 19,383,206 | $ 210,229 |

**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, 2018

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| **Primary government:** | | | | |
| General government | $ 2,759,888 | $ 280,760 | $ 293,273 | $ 52,733 |
| Judicial | 1,135,007 | 374,670 | - | - |
| Public safety | 3,908,663 | 829,628 | 46,868 | 336,889 |
| Public works | 1,550,610 | - | - | 602,496 |
| Health and welfare | 103,676 | - | - | - |
| Culture and recreation | 570,934 | 155,248 | 2,108 | - |
| Housing and development | 838,218 | 170,454 | - | 506,913 |
| Interest on long-term debt | 144,901 | - | - | - |
| Total primary government | $ 11,011,897 | $ 1,810,760 | $ 342,249 | $ 1,499,031 |
| **Component unit:** | | | | |
| Health Department | $ 597,060 | $ 232,119 | $ 416,044 | $ - |
| Total component unit | $ 597,060 | $ 232,119 | $ 416,044 | $ - |

General revenues:
- Property taxes
- Sales taxes
- Other taxes
- Unrestricted investment earnings
  - Total general revenues
    - Change in net position

Net position, beginning of year, as restated

Net position, end of year

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

| Net (Expenses) Revenues and Changes in Net Position | |
|---|---|
| Primary Government | Component Unit |
| Governmental Activities | Health Department |
| $ (2,133,122) | $ - |
| (760,337) | - |
| (2,695,278) | - |
| (948,114) | - |
| (103,676) | - |
| (413,578) | - |
| (160,851) | - |
| (144,901) | - |
| (7,359,857) | - |
| | |
| - | 51,103 |
| - | 51,103 |
| | |
| 5,460,262 | - |
| 2,693,263 | - |
| 696,593 | - |
| 12,166 | - |
| 8,862,284 | - |
| 1,502,427 | 51,103 |
| 17,880,779 | 159,126 |
| $ 19,383,206 | $ 210,229 |

# JEFF DAVIS COUNTY, GEORGIA

## BALANCE SHEET
## GOVERNMENTAL FUNDS
## JUNE 30, 2018

| ASSETS | General Fund | SPLOST Fund | TIA SPLOST Fund |
|---|---|---|---|
| Cash and cash equivalents | $ 3,157,232 | $ 2,873,314 | $ 1,177,379 |
| Taxes receivable | 424,129 | - | - |
| Accounts receivable | 159,099 | - | - |
| Due from other governments | 84,892 | 141,487 | 28,184 |
| Due from other funds | 91,688 | - | - |
| Prepaid items | 202,504 | - | - |
| Total assets | $ 4,119,544 | $ 3,014,801 | $ 1,205,563 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | |
| **LIABILITIES** | | | |
| Accounts payable | $ 508,776 | $ 8,600 | $ - |
| Accrued liabilities | 55,395 | - | - |
| Due to other funds | 4,025 | 108,655 | - |
| Due to other governments | - | 84,263 | - |
| Short-term note payable | - | - | - |
| Total liabilities | 568,196 | 201,518 | - |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Unavailable revenue - property taxes | 377,491 | - | - |
| Total deferred inflows of resources | 377,491 | - | - |
| **FUND BALANCES** | | | |
| Fund balances: | | | |
| Nonspendable for prepaids | 202,504 | - | - |
| Restricted for: | | | |
| Public safety | - | - | - |
| Housing and development | - | - | - |
| Capital projects | - | 2,813,283 | 1,205,563 |
| Unassigned | 2,971,353 | - | - |
| Total fund balances | 3,173,857 | 2,813,283 | 1,205,563 |
| Total liabilities, deferred inflows of resources and fund balances | $ 4,119,544 | $ 3,014,801 | $ 1,205,563 |

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.
Deferred inflows of resources are not available to pay for current expenditures 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 |
|---|---|---|
| $ 944,086 | $ 995,287 | $ 9,147,298 |
| - | - | 424,129 |
| 392,237 | 33,756 | 585,092 |
| 850 | - | 255,413 |
| 22,774 | 391,590 | 506,052 |
| - | - | 202,504 |
| $ 1,359,947 | $ 1,420,633 | $ 11,120,488 |
| | | |
| $ 4,422 | $ 2,689 | $ 524,487 |
| - | 5,370 | 60,765 |
| 387,565 | 5,807 | 506,052 |
| - | - | 84,263 |
| 82,195 | - | 82,195 |
| 474,182 | 13,866 | 1,257,762 |
| | | |
| - | - | 377,491 |
| - | - | 377,491 |
| | | |
| - | - | 202,504 |
| | | |
| - | 69,891 | 69,891 |
| 885,765 | 544,154 | 1,429,919 |
| - | 792,722 | 4,811,568 |
| - | - | 2,971,353 |
| 885,765 | 1,406,767 | 9,485,235 |
| | | |
| $ 1,359,947 | $ 1,420,633 | |
| | | |
| | | 16,981,247 |
| | | 377,491 |
| | | (7,754,058) |
| | | 484,426 |
| | | (186,555) |
| | | (4,580) |
| | | $ 19,383,206 |

# JEFF DAVIS COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | General Fund | SPLOST Fund | TIA SPLOST Fund |
|---|---|---|---|
| **REVENUES** | | | |
| Property taxes | $ 5,344,804 | $ - | $ - |
| Sales taxes | 1,011,651 | 1,681,612 | - |
| Other taxes | 696,593 | - | - |
| Licenses and permits | 60,350 | - | - |
| Intergovernmental | 52,733 | - | 336,889 |
| Charges for services | 1,088,761 | - | - |
| Court fees, fines, and forfeitures | 355,849 | - | - |
| Interest | 1,017 | - | - |
| Leases | - | - | - |
| Other | 341,754 | - | - |
| Total revenues | 8,953,512 | 1,681,612 | 336,889 |
| **EXPENDITURES** | | | |
| Current: | | | |
| General government | 1,702,229 | - | - |
| Judicial | 1,134,343 | - | - |
| Public safety | 3,223,478 | - | - |
| Public works | 1,670,067 | - | - |
| Health and welfare | 103,676 | - | - |
| Culture and recreation | 440,339 | - | - |
| Housing and development | 110,432 | - | - |
| Intergovernmental | - | 669,443 | - |
| Capital outlay | - | 876,949 | 51 |
| Debt service: | | | |
| Principal | - | 416,225 | - |
| Interest | - | 26,427 | - |
| Total expenditures | 8,384,564 | 1,989,044 | 51 |
| Excess (deficiency) of revenues over (under) expenditures | 568,948 | (307,432) | 336,838 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers in | 116,481 | - | - |
| Transfers out | (596,236) | - | - |
| Proceeds from sale of capital assets | 142,803 | - | - |
| Total other financing sources (uses) | (336,952) | - | - |
| Net change in fund balances | 231,996 | (307,432) | 336,838 |
| **FUND BALANCES, beginning of year** | 2,941,861 | 3,120,715 | 868,725 |
| **FUND BALANCES, end of year** | $ 3,173,857 | $ 2,813,283 | $ 1,205,563 |

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

| Joint Development Authority | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|
| $ - | $ - | $ 5,344,804 |
| - | - | 2,693,263 |
| - | - | 696,593 |
| - | - | 60,350 |
| 142,974 | 966,435 | 1,499,031 |
| - | 135,346 | 1,224,107 |
| - | - | 355,849 |
| 4,328 | 6,821 | 12,166 |
| 170,454 | - | 170,454 |
| 495 | - | 342,249 |
| 318,251 | 1,108,602 | 12,398,866 |
| | | |
| - | - | 1,702,229 |
| - | - | 1,134,343 |
| - | 510,084 | 3,733,562 |
| - | - | 1,670,067 |
| - | - | 103,676 |
| - | - | 440,339 |
| 144,219 | 322,478 | 577,129 |
| - | - | 669,443 |
| 423 | 477,846 | 1,355,269 |
| | | |
| 249,818 | - | 666,043 |
| 134,396 | - | 160,823 |
| 528,856 | 1,310,408 | 12,212,923 |
| | | |
| (210,605) | (201,806) | 185,943 |
| | | |
| 246,236 | 350,000 | 712,717 |
| (75,000) | (41,481) | (712,717) |
| - | - | 142,803 |
| 171,236 | 308,519 | 142,803 |
| | | |
| (39,369) | 106,713 | 328,746 |
| | | |
| 925,134 | 1,300,054 | 9,156,489 |
| | | |
| $ 885,765 | $ 1,406,767 | $ 9,485,235 |

# 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, 2018

| | |
|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Net change in fund balances - total governmental funds | $ 328,746 |
| 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. | 477,406 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 115,458 |
| 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. | 666,043 |
| 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. | (85,226) |
| Change in net position - governmental activities | $ 1,502,427 |

**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, 2018

| | Budget | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **REVENUES** | | | | |
| Property taxes | $ 5,552,957 | $ 5,552,957 | $ 5,344,804 | $ (208,153) |
| Sales taxes | 1,058,857 | 1,058,857 | 1,011,651 | (47,206) |
| Other taxes | 704,315 | 704,315 | 696,593 | (7,722) |
| Licenses and permits | 58,803 | 58,803 | 60,350 | 1,547 |
| Intergovernmental | 41,229 | 41,229 | 52,733 | 11,504 |
| Charges for services | 943,014 | 943,014 | 1,088,761 | 145,747 |
| Fines and forfeitures | 341,994 | 341,994 | 355,849 | 13,855 |
| Interest | - | - | 1,017 | 1,017 |
| Other | 136,989 | 136,989 | 341,754 | 204,765 |
| Total revenues | 8,838,158 | 8,838,158 | 8,953,512 | 115,354 |
| **EXPENDITURES** | | | | |
| **Current:** | | | | |
| **General government:** | | | | |
| Board of elections | 124,039 | 124,039 | 113,833 | 10,206 |
| Administration | 1,427,912 | 1,427,912 | 1,082,052 | 345,860 |
| Tax commissioner | 263,420 | 263,420 | 289,754 | (26,334) |
| Tax assessors | 230,820 | 230,820 | 216,590 | 14,230 |
| Total general government | 2,046,191 | 2,046,191 | 1,702,229 | 343,962 |
| **Judicial:** | | | | |
| Superior court | 225,000 | 225,000 | 205,497 | 19,503 |
| Clerk of court | 252,843 | 252,843 | 261,602 | (8,759) |
| State court | 143,308 | 143,308 | 150,044 | (6,736) |
| Magistrate court | 269,686 | 269,686 | 286,049 | (16,363) |
| Probate court | 151,342 | 151,342 | 139,951 | 11,391 |
| Juvenile court | 94,374 | 94,374 | 91,200 | 3,174 |
| Total judicial | 1,136,553 | 1,136,553 | 1,134,343 | 2,210 |
| **Public safety:** | | | | |
| Sheriff | 1,302,734 | 1,302,734 | 1,357,997 | (55,263) |
| Jail | 695,070 | 695,070 | 769,221 | (74,151) |
| Fire | 191,465 | 191,465 | 200,167 | (8,702) |
| Emergency medical services | 685,650 | 685,650 | 828,448 | (142,798) |
| Coroner | 24,285 | 24,285 | 15,490 | 8,795 |
| Emergency management | 47,488 | 47,488 | 52,155 | (4,667) |
| Total public safety | 2,946,692 | 2,946,692 | 3,223,478 | (276,786) |
| **Public works:** | | | | |
| Highways and streets | 1,099,376 | 1,099,376 | 1,323,913 | (224,537) |
| Solid waste collection | 365,761 | 365,761 | 346,154 | 19,607 |
| Total public works | $ 1,465,137 | $ 1,465,137 | $ 1,670,067 | $ (204,930) |

**(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, 2018

| | Budget | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **EXPENDITURES (CONTINUED)** | | | | |
| **Current (Continued):** | | | | |
| **Health and welfare:** | | | | |
| Health | $ 103,918 | $ 103,918 | $ 97,925 | $ 5,993 |
| Welfare | 12,318 | 12,318 | 5,751 | 6,567 |
| Total health and welfare | 116,236 | 116,236 | 103,676 | 12,560 |
| **Culture and recreation:** | | | | |
| Recreation | 381,600 | 381,600 | 360,708 | 20,892 |
| Towns Bluff | 72,800 | 72,800 | 44,886 | 27,914 |
| Libraries | 41,500 | 41,500 | 34,745 | 6,755 |
| Total culture and recreation | 495,900 | 495,900 | 440,339 | 55,561 |
| **Housing and development:** | | | | |
| Conservation | 24,161 | 24,161 | 19,600 | 4,561 |
| County Agent | 107,605 | 107,605 | 90,832 | 16,773 |
| Total housing and development | 131,766 | 131,766 | 110,432 | 21,334 |
| Total expenditures | 8,338,475 | 8,338,475 | 8,384,564 | (46,089) |
| Excess of revenues over expenditures | 499,683 | 499,683 | 568,948 | 69,265 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | - | - | 116,481 | 116,481 |
| Transfers out | (601,500) | (601,500) | (596,236) | 5,264 |
| Proceeds from sale of capital assets | 95,979 | 95,979 | 142,803 | 46,824 |
| Total other financing uses | (505,521) | (505,521) | (336,952) | 168,569 |
| Net change in fund balances | (5,838) | (5,838) | 231,996 | 237,834 |
| **FUND BALANCES, beginning of year** | 2,941,861 | 2,941,861 | 2,941,861 | - |
| **FUND BALANCES, end of year** | $ 2,936,023 | $ 2,936,023 | $ 3,173,857 | $ 237,834 |

**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, 2018

| | Agency Funds |
|---|---|
| **ASSETS** | |
| Cash | $ 1,079,191 |
| Taxes receivable | 374,058 |
| Total assets | $ 1,453,249 |
| **LIABILITIES** | |
| Due to others | $ 1,079,191 |
| Uncollected taxes | 374,058 |
| Total liabilities | $ 1,453,249 |

**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 Accounting 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 GASB 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 (SPLOST) 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) Fund*** accounts 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 acquisition. 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 three items that qualify for reporting in this category. The County has deferred outflows of resources related to the recording of changes in its net pension liability and total OPEB liability. Certain changes in the net pension liability and total OPEB liability are recognized as pension and OPEB expense over time instead of all being recognized in the year of occurrence. Experience differences result from periodic studies by the County's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience differences are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions, which adjust the net pension liability and total OPEB liability, are also recorded as deferred outflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of plan members.

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 three 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 which will be recognized as a deferred inflow of resources in the period in which the amounts become available. The net difference between projected and actual earnings on pension plan investments is recorded as a deferred inflow of resources and amortized against pension expense over a five year period. Additionally, the difference between expected and actual experience is recorded as a deferred inflow of resources and amortized against pension expense over the remaining service lives of plan members.

### 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.

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

### L. Fund Equity (Continued)

***Fund Balance (Continued)***

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. 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 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. There were no tax abatements during the year ended June 30, 2018.

## 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 difference are as follows:

| | |
|---|---|
| Capital leases payable | $ (697,469) |
| Revenue bonds payable | (2,499,601) |
| Notes payable | (524,940) |
| Landfill post-closure costs | (2,131,880) |
| Net pension liability | (538,814) |
| Total OPEB liability | (1,218,724) |
| Compensated absences | (142,630) |
| Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities* | $ (7,754,058) |

## 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 difference are as follows:

| | | |
|---|---|---|
| Capital outlay | $ | 1,831,883 |
| Depreciation expense | | (1,354,477) |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities* | $ | 477,406 |

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 difference are as follows:

| | | |
|---|---|---|
| Principal repayments: | | |
| Capital leases | $ | 335,000 |
| Revenue bonds payable | | 210,000 |
| Notes payable | | 121,043 |
| Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities* | $ | 666,043 |

## 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 difference are as follows:

| | | |
|---|---|---|
| Compensated absences | $ | 8,123 |
| Accrued interest | | 15,922 |
| Landfill post-closure costs | | (37,695) |
| Total OPEB liability and related deferred outflows of resources | | (33,825) |
| Net pension liability and related deferred outflows of resources and deferred inflows of resources | | (37,751) |
| Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities* | $ | (85,226) |

## 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, 2018.

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, 2018, expenditures exceeded budget, as follows:

| Fund or Department | Excess |
|---|---|
| General Fund: | |
| Tax commissioner | $ 26,334 |
| Clerk of court | 8,759 |
| State court | 6,736 |
| Magistrate court | 16,363 |
| Sheriff | 55,263 |
| Jail | 74,151 |
| Fire | 8,702 |
| Emergency medical services | 142,798 |
| Emergency management | 4,667 |
| Highways and streets | 224,537 |

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, 2018, are summarized as follows:

| | | |
|---|---|---|
| **Balances per Statement of Net Position:** | | |
| Cash and cash equivalents - primary government | $ | 9,147,298 |
| Cash - agency funds | | 1,079,191 |
| | $ | 10,226,489 |
| **Balances by type:** | | |
| Cash deposited with financial institutions | $ | 10,226,489 |
| | $ | 10,226,489 |

**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, 2018, 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, 2018, 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, 2018, for the County's individual major funds and nonmajor funds in the aggregate are as follows:

| | General | SPLOST | TIA SPLOST |
|---|---|---|---|
| Receivables: | | | |
| Taxes | $ 424,129 | $ - | $ - |
| Accounts | 352,304 | - | - |
| Due from other governments | 84,892 | 141,487 | 28,184 |
| Gross receivables | 861,325 | 141,487 | 28,184 |
| Less allowance for uncollectibles | 193,205 | - | - |
| Net total receivables | $ 668,120 | $ 141,487 | $ 28,184 |

| | Joint Development Authority | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| Receivables: | | | |
| Taxes | $ - | $ - | $ 424,129 |
| Accounts | 392,237 | 33,756 | 778,297 |
| Due from other governments | 850 | - | 255,413 |
| Gross receivables | 393,087 | 33,756 | 1,457,839 |
| Less allowance for uncollectibles | - | - | 193,205 |
| Net total receivables | $ 393,087 | $ 33,756 | $ 1,264,634 |

Property taxes were levied on October 11, 2017. Bills were payable on or before December 20, 2017, 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, 2017. The County bills and collects its own property taxes. Property taxes levied for 2017 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2018, and collected by August 31, 2018, are recognized as revenues in the year ended June 30, 2018. Net receivables estimated to be collected subsequent to August 31, 2018, are deferred as of June 30, 2018, 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 | $ 2,057,303 | $ 448,284 | $ - | $ - | $ 2,505,587 |
| Constuction in progress | 361,736 | 704,474 | - | (109,619) | 956,591 |
| Total | 2,419,039 | 1,152,758 | - | (109,619) | 3,462,178 |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 603,849 | 81,153 | - | - | 685,002 |
| Buildings and improvements | 13,346,766 | - | - | - | 13,346,766 |
| Machinery and equipment | 7,822,200 | 597,972 | - | - | 8,420,172 |
| Infrastucture | 5,546,780 | - | - | 109,619 | 5,656,399 |
| Total | 27,319,595 | 679,125 | - | 109,619 | 28,108,339 |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (333,342) | (30,373) | - | - | (363,715) |
| Buildings and improvements | (5,690,287) | (382,694) | - | - | (6,072,981) |
| Machinery and equipment | (5,717,495) | (646,356) | - | - | (6,363,851) |
| Infrastructure | (1,493,669) | (295,054) | - | - | (1,788,723) |
| Total | (13,234,793) | (1,354,477) | - | - | (14,589,270) |
| Total capital assets, being depreciated, net | 14,084,802 | (675,352) | - | 109,619 | 13,519,069 |
| Total capital assets, net | $ 16,503,841 | $ 477,406 | $ - | $ - | $ 16,981,247 |

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 397,048 |
| Judicial | 4,077 |
| Public safety | 255,808 |
| Public works | 360,309 |
| Culture and recreation | 76,146 |
| Housing and development | 261,089 |
| Total depreciation expense - governmental activities | $ 1,354,477 |

## 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, 2017 with a variable interest rate, which is the prime rate with interest due monthly and principal due on December 31, 2018. The principal balance was $82,195 as of June 30, 2018.

The following is a summary of short-term debt transactions for the County for the year ended June 30, 2018:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| Lines of credit | $ 72,195 | $ 10,000 | $ - | $ 82,195 |
| Total | $ 72,195 | $ 10,000 | $ - | $ 82,195 |

## 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, 2018:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Revenue bonds | $ 2,709,601 | $ - | $ (210,000) | $ 2,499,601 | $ - |
| Notes payable | 645,983 | - | (121,043) | 524,940 | 50,776 |
| Capital leases | 1,032,469 | - | (335,000) | 697,469 | 152,414 |
| Compensated absences | 150,753 | 144,432 | (152,555) | 142,630 | 71,315 |
| Total OPEB liability | 949,450 | 307,335 | (38,061) | 1,218,724 | - |
| Net pension liability | 973,084 | 468,826 | (903,096) | 538,814 | - |
| Landfill post-closure costs | 2,094,185 | 182,931 | (145,236) | 2,131,880 | 116,644 |
| Governmental activities Long-term liabilities | $ 8,555,525 | $ 1,103,524 | $ (1,904,991) | $ 7,754,058 | $ 391,149 |

Compensated absences, the total OPEB liability, 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, 2018, are as follows:

| Purpose | Interest Rate | Term | Due Date | Original Amount | Outstanding Amount |
|---|---|---|---|---|---|
| Series 2014A | 4.40% | 15 years | 2029 | 1,666,326 | $ 1,666,326 |
| Series 2014B | 4.40% | 15 years | 2029 | 833,275 | 833,275 |
| | | | | | $ 2,499,601 |

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

| Fiscal year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ - | $ 105,427 | $ 105,427 |
| 2020 | - | 105,427 | 105,427 |
| 2021 | 158,915 | 105,427 | 264,342 |
| 2022 | 217,185 | 100,645 | 317,830 |
| 2023 | 226,846 | 90,983 | 317,829 |
| 2024-2028 | 1,294,536 | 161,997 | 1,456,533 |
| 2029 | 602,119 | 75,067 | 677,186 |
| Total | $ 2,499,601 | $ 744,973 | $ 3,244,574 |

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, 2018, are as follows:

| Purpose | Interest Rate | Term | Due Date | Original Amount | Outstanding Amount |
|---|---|---|---|---|---|
| Renewal and amortization of line of credit | Variable | 10 years | 2027 | 315,195 | $ 278,207 |
| Agriculture processing facility expansion | 3.00% | 20 years | 2028 | 440,948 | 246,733 |
| | | | | | $ 524,940 |

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

**Notes Payable (Continued).** The County's notes payable debt service requirements to maturity are as follows:

| Fiscal year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 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 | 57,434 | 8,644 | 66,078 |
| 2024-2028 | 254,735 | 16,285 | 271,020 |
| Total | $ 524,940 | $ 76,423 | $ 601,363 |

**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, 2018:

| | Governmental Activities |
|---|---|
| Machinery and equipment | $ 1,057,769 |
| Less accumulated depreciation | (377,173) |
| Carrying value | $ 680,596 |

Current year depreciation expense of assets under capital lease totaled $204,626.

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

| | |
|---|---|
| Fiscal year ending June 30, | |
| 2019 | $ 169,943 |
| 2020 | 125,191 |
| 2021 | 125,191 |
| 2022 | 326,690 |
| Total minimum lease payments | 747,015 |
| Less amount representing interest | 49,546 |
| Present value of future minimum lease payments | $ 697,469 |

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

**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, 2018, the County has a remaining 14 years of monitoring. Engineering studies estimate post-closure costs of approximately $2,131,880 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, 2018. 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, 2018, is as follows:

Due to/from other funds:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| Joint Development Authority Fund | SPLOST Fund | $ 22,774 |
| General Fund | Nonmajor Governmental Funds | 5,807 |
| General Fund | SPLOST Fund | 85,881 |
| Nonmajor Governmental Funds | General Fund | 4,025 |
| Nonmajor Governmental Funds | Joint Development Authority Fund | 387,565 |
| | | $ 506,052 |

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

Interfund transfers:

| Transfers In | Transfers Out | Amount |
|---|---|---|
| General Fund | Nonmajor Governmental Funds | $ 41,481 |
| General Fund | Joint Development Authority Fund | 75,000 |
| Joint Development Authority Fund | General Fund | 246,236 |
| Nonmajor Governmental Funds | General Fund | 350,000 |
| | | $ 712,717 |

## NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

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, 2017, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

| | |
|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 34 |
| Inactive plan members entitled to but not receiving benefits | 57 |
| Active plan members | 63 |
| Total | 154 |

## 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, 2018, the County's contribution rate was 10.4% of annual payroll. County contributions to the Plan were $222,547 for the year ended June 30, 2018.

### Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017, with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2017.

*Actuarial Assumptions*. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.00% |
| Salary increases | 2.0% - 4.5%, 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, 2017 valuation were based on the results of an actuarial experience study for December 31, 2016.

## 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 (33.33%) and 30-year benchmarks (33.33%), as well as forward-looking capital market assumptions for a moderate asset allocation (33.34%), 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, 2017, 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, 2018, were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|---|---|---|
| Balances at June 30, 2017 | $ 4,906,557 | $ 3,933,473 | $ 973,084 |
| *Changes for the year:* | | | |
| Service cost | 73,148 | - | 73,148 |
| Interest | 346,452 | - | 346,452 |
| Liability experience (gain)/loss | (83,675) | - | (83,675) |
| Assumption change | 12,141 | - | 12,141 |
| Contributions-employer | - | 222,547 | (222,547) |
| Net investment income | - | 596,874 | (596,874) |
| Benefit payments, including refunds of employee contributions | (255,794) | (255,794) | - |
| Administrative expense | - | (13,851) | 13,851 |
| Other changes | - | (23,234) | 23,234 |
| *Net changes* | 92,272 | 526,542 | (434,270) |
| Balances at June 30, 2018 | $ 4,998,829 | $ 4,460,015 | $ 538,814 |

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 | $ 1,170,875 | $ 538,814 | $ 12,889 |

## 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, 2017, and the current sharing pattern of costs between employer and employee.

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

For the year ended June 30, 2018, the County recognized pension expense of $260,298. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Investment earnings difference | $ - | $ 124,900 |
| Differences between expected and actual experience | 119,743 | 61,655 |
| Changes in assumptions | 129,234 | - |
| Total | $ 248,977 | $ 186,555 |

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

| | |
|---|---|
| Year ending June 30: | |
| 2019 | $ 97,818 |
| 2020 | 61,105 |
| 2021 | (35,967) |
| 2022 | (60,534) |
| Total | $ 62,422 |

## NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

### Plan Administration and Benefits

The County, as authorized by the County Commission, administers a single-employer defined benefit Post-Retirement Benefit Plan (the "OPEB Plan"). The OPEB Plan is under the direction of the County's Board of Commissioners. The County provides post-retirement healthcare 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. The requirements are that the employee must retire from the County after ten years of continuous service and must have attained the age of 55. The benefits are offered until the stops paying their portion of the premium. The County pays 25-50% of the individual health insurance premium, depending on age and years of employment, and the employee must pay the remainder. The County will pay 100% of individual premium costs for life insurance benefits. Currently, 12 employees and their dependents are enrolled in post-retirement healthcare benefits. The County's Board of Commissioners established and may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the OPEB Plan.

### Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the post-retirement benefit plan as of latest actuarial valuation at July 1, 2017:

| | |
|---|---|
| Active members | 91 |
| Retired members | 7 |
| Dependents of retired members | 5 |
| | 103 |

### Contributions

The Board of Commissioners has elected to fund the OPEB Plan on a "pay as you go" basis. Per a County resolution, the County is required to contribute the current year benefit costs of the Plan which are not paid by the retiree. For the year ended June 30, 2018, the County contributed $38,061 for the pay as you go benefits for the OPEB Plan.

## NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

### Total OPEB Liability of the County

Effective July 1, 2017, the County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions,* which significantly changed the County's accounting for OPEB amounts. The information disclosed below is presented in accordance with this new standard.

The County's total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017, with the actuary using standard techniques to roll forward the liability to the measurement date.

*Actuarial assumptions.* The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Discount Rate: | 3.87% |
| Healthcare Cost Trend Rate: | 6.00% graded by 0.10% per year to an ultimate rate of 4.50% |
| Inflation Rate: | 2.50% |
| Participation Rate: | 5.00% |

Mortality rates were based on the RPH-2014 with MP-2017 scale Mortality Table, with separate rates for males and females.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period 2010-2014.

### Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 3.87% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2018.

## NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

**Changes in the Total OPEB Liability of the County**

The changes in the total OPEB liability of the County for the year ended June 30, 2018, were as follows:

| | Total OPEB Liability |
|---|---|
| **Beginning balance** | $ 949,450 |
| **Changes for the year:** | |
| Service cost | 20,658 |
| Interest | 34,049 |
| Assumption changes | 252,628 |
| Benefit payments | (38,061) |
| **Net change** | 269,274 |
| **Ending balance** | $ 1,218,724 |

The required schedule of changes in the County's total OPEB liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

| | 2.87% 1% Decrease | 3.87% Discount Rate | 4.87% 1% Increase |
|---|---|---|---|
| **Total OPEB liability** | $ 1,384,309 | $ 1,218,724 | $ 1,083,240 |

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | 2.87% 1% Decrease | 3.87% Discount Rate | 4.87% 1% Increase |
|---|---|---|---|
| **Total OPEB liability** | $ 892,984 | $ 1,218,724 | $ 1,631,844 |

## NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions 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 June 30, 2018, and the current sharing pattern of costs between employer and inactive employees.

**OPEB Expense and Deferred Outflows of Resources Related to OPEB**

For the year ended June 30, 2018, the County recognized OPEB expense of $33,825. At June 30, 2018, the County reported deferred outflows of resources related to the OPEB Plan from other changes in assumptions of $235,449.

Amounts reported as deferred outflows of resources related to the OPEB Plan will be recognized in OPEB expense as follows:

| Year ending June 30: | | |
|---|---|---|
| 2019 | $ | 17,179 |
| 2020 | | 17,179 |
| 2021 | | 17,179 |
| 2022 | | 17,179 |
| 2023 | | 17,179 |
| Thereafter | | 149,554 |
| Total | $ | 235,449 |

## NOTE 12. RISK MANAGEMENT

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

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

## NOTE 12. RISK MANAGEMENT (CONTINUED)

Pursuant to Title 34, Chapter 9, Article 5 of the OCGA, 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 17 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 OCGA Section 50-8-34, which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-391 provides that the member governments are liable for any debts or obligations of the Regional Commission. The total paid to the Regional Commission for fiscal year 2018 was $10,842.

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

## NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE

The County determined a restatement to beginning net position of the governmental activities was required to recognize the change in accounting principle for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as of July 1, 2017. This restatement is as follows:

| | Governmental Activities |
|---|---|
| Net position, as previously reported | $ 18,830,229 |
| Adjustment needed to record the total OPEB liability in accordance with GASB Statement No. 75 | (949,450) |
| Net position, as restated | $ 17,880,779 |

# REQUIRED SUPPLEMENTARY INFORMATION

# JEFF DAVIS COUNTY, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
## FOR THE FISCAL YEAR ENDED JUNE 30,

| | 2018 |
|---|---|
| **Total OPEB liability** | |
| Service cost | $ 20,658 |
| Interest on total OPEB liability | 34,049 |
| Changes of assumptions | 252,628 |
| Benefit payments | (38,061) |
| **Net change in total OPEB liability** | 269,274 |
| **Total OPEB liability - beginning** | 949,450 |
| **Total OPEB liability - ending** | $ 1,218,724 |
| **Covered-employee payroll** | $ 2,984,154 |
| **County's total OPEB liability as a percentage of covered-employee payroll** | 40.8% |

**Notes to the Schedule**

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

The assumptions used in the preparation of the above schedule are disclosed in Note 11 in the Notes to the Financial Statements.

# JEFF DAVIS COUNTY, GEORGIA

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

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| **Total pension liability** | | | | |
| Service cost | **$ 73,148** | $ 73,151 | $ 60,338 | $ 56,716 |
| Interest on total pension liability | **346,452** | 326,410 | 296,404 | 286,283 |
| Differences between expected and actual experience | **(83,675)** | 131,356 | 142,996 | - |
| Changes of assumptions | **12,141** | 141,756 | 126,236 | - |
| Benefit payments, including refunds of employee contributions | **(255,794)** | (236,490) | (215,290) | (200,839) |
| **Net change in total pension liability** | **92,272** | 436,183 | 410,684 | 142,160 |
| **Total pension liability - beginning** | **4,906,557** | 4,470,374 | 4,059,689 | 3,917,529 |
| **Total pension liability - ending (a)** | **$ 4,998,829** | $ 4,906,557 | $ 4,470,373 | $ 4,059,689 |
| **Plan fiduciary net position** | | | | |
| Contributions - employer | **$ 222,547** | $ 245,510 | $ 211,955 | $ 194,351 |
| Net investment income | **596,874** | 265,986 | 31,916 | 256,611 |
| Benefit payments, including refunds of employee contributions | **(255,794)** | (236,490) | (215,290) | (200,839) |
| Administrative expenses | **(13,851)** | (17,407) | (13,906) | (12,661) |
| Other | **(23,234)** | (22,924) | (46,692) | (21,872) |
| **Net change in fiduciary net position** | **526,542** | 234,675 | (32,017) | 215,590 |
| **Plan fiduciary net position - beginning** | **3,933,473** | 3,698,798 | 3,730,815 | 3,515,225 |
| **Plan fiduciary net position - ending (b)** | **$ 4,460,015** | $ 3,933,473 | $ 3,698,798 | $ 3,730,815 |
| **County's net pension liability - ending (a) - (b)** | **$ 538,814** | $ 973,084 | $ 771,575 | $ 328,874 |
| **Plan fiduciary net position as a percentage of total pension liability** | **89.2%** | 80.2% | 82.7% | 91.9% |
| **Covered-employee payroll** | **$ 2,145,001** | $ 2,144,605 | $ 2,085,053 | $ 1,938,321 |
| **County's net pension liability as a percentage of covered-employee payroll** | **25.1%** | 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 YEARS ENDED JUNE 30,

| | **2018** | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| Actuarially determined contribution | **$ 205,795** | $ 222,547 | $ 245,510 | $ 211,955 |
| Contributions in relation to the actuarially determined contribution | **205,795** | 222,547 | 245,510 | 211,955 |
| Contribution deficiency (excess) | **$ -** | $ - | $ - | $ - |
| Covered-employee payroll | **$ 2,145,001** | $ 2,144,605 | $ 2,085,053 | $ 1,938,321 |
| Contributions as a percentage of covered-employee payroll | **9.6%** | 10.4% | 11.8% | 10.9% |

**Notes to the Schedule**

| | |
|---|---|
| Valuation Date | January 1, 2017 |
| 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 | 2.0% - 4.5% (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 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, 2018

| | Special Revenue Funds | | | | Capital Project Fund | |
|---|---|---|---|---|---|---|
| **ASSETS** | **Community Development Block Grant** | **Revolving Loan** | **Emergency 911** | **EIP Grant** | **LMIG Fund** | **Nonmajor Governmental Funds** |
| Cash and cash equivalents | $ - | $ 156,486 | $ 45,976 | $ 103 | $ 792,722 | $ 995,287 |
| Accounts receivable | - | - | 33,756 | - | - | 33,756 |
| Due from other funds | - | 387,565 | 4,025 | - | - | 391,590 |
| Total assets | $ - | $ 544,051 | $ 83,757 | $ 103 | $ 792,722 | $ 1,420,633 |
| **LIABILITIES AND FUND BALANCES** | | | | | | |
| **LIABILITIES** | | | | | | |
| Accounts payable | $ - | $ - | $ 2,689 | $ - | $ - | $ 2,689 |
| Accrued liabilities | - | - | 5,370 | - | - | 5,370 |
| Due to other funds | - | - | 5,807 | - | - | 5,807 |
| Total liabilities | - | - | 13,866 | - | - | 13,866 |
| **FUND BALANCES** | | | | | | |
| Restricted for: | | | | | | |
| Public safety | - | - | 69,891 | - | - | 69,891 |
| Housing and development | - | 544,051 | - | 103 | - | 544,154 |
| Capital projects | - | - | - | - | 792,722 | 792,722 |
| Total fund balance | - | 544,051 | 69,891 | 103 | 792,722 | 1,406,767 |
| Total liabilities and fund balances | $ - | $ 544,051 | $ 83,757 | $ 103 | $ 792,722 | $ 1,420,633 |

# JEFF DAVIS COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
## NONMAJOR GOVERNMENTAL FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | Special Revenue Funds | | | | Capital Project Fund | |
|---|---|---|---|---|---|---|
| | Community Development Block Grant | Revolving Loan | Emergency 911 | EIP Grant | LMIG Fund | Nonmajor Governmental Funds |
| **REVENUES** | | | | | | |
| Intergovernmental | $ 363,939 | $ - | $ - | $ - | $ 602,496 | $ 966,435 |
| Charges for services | - | - | 135,346 | - | - | 135,346 |
| Interest | - | 3,905 | - | - | 2,916 | 6,821 |
| Total revenues | 363,939 | 3,905 | 135,346 | - | 605,412 | 1,108,602 |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| Public safety | - | - | 510,084 | - | - | 510,084 |
| Housing and development | 322,478 | - | - | - | - | 322,478 |
| Capital outlay | - | - | - | - | 477,846 | 477,846 |
| Total expenditures | 322,478 | - | 510,084 | - | 477,846 | 1,310,408 |
| Excess (deficiency) of revenues over (under) expenditures | 41,461 | 3,905 | (374,738) | - | 127,566 | (201,806) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Transfers in | - | - | 350,000 | - | - | 350,000 |
| Transfers out | (41,481) | - | - | - | - | (41,481) |
| Total other financing sources (uses) | (41,481) | - | 350,000 | - | - | 308,519 |
| Net change in fund balances | (20) | 3,905 | (24,738) | - | 127,566 | 106,713 |
| **FUND BALANCE, beginning of year** | 20 | 540,146 | 94,629 | 103 | 665,156 | 1,300,054 |
| **FUND BALANCE, end of year** | $ - | $ 544,051 | $ 69,891 | $ 103 | $ 792,722 | $ 1,406,767 |

# JEFF DAVIS COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | Original Estimated Cost | Current Estimated Cost | Prior Years | Current Year | Total |
|---|---|---|---|---|---|
| Roads, bridges, equipment | $ 3,547,000 | $ 3,547,000 | $ 2,650,850 | $ 876,949 | $ 3,527,799 |
| City of Hazlehurst | 2,282,000 | 2,282,000 | 2,250,142 | 669,443 | 2,919,585 |
| 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 | 742,268 | - | 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 | $ 8,046,806 | 1,546,392 | $ 9,593,198 |
| Debt service payments on equipment already included as an expenditure above and transfers out | | | | 442,652 | |
| | | | | $ 1,989,044 | |

# 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, 2018

| | Tax Commissioner | Magistrate Court | Probate Court | Clerk of Court |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash | $ 324,187 | $ 26,457 | $ 5,738 | $ 617,045 |
| Taxes receivable | 374,058 | - | - | - |
| Total assets | $ 698,245 | $ 26,457 | $ 5,738 | $ 617,045 |
| **LIABILITIES** | | | | |
| Due to others | $ 324,187 | $ 26,457 | $ 5,738 | $ 617,045 |
| Uncollected taxes | 374,058 | - | - | - |
| Total Liabilities | $ 698,245 | $ 26,457 | $ 5,738 | $ 617,045 |

| Sheriff | | Total | |
|---|---|---|---|
| $ | 105,764 | $ | 1,079,191 |
| | - | | 374,058 |
| $ | 105,764 | $ | 1,453,249 |
| $ | 105,764 | $ | 1,079,191 |
| | - | | 374,058 |
| $ | 105,764 | $ | 1,453,249 |

# 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, 2018, 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, 2018. 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. The County implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as of July 1, 2017. Our opinions are not modified with respect to this matter.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

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

Jeff Davis County, Georgia's responses to the finding identified in our audit are described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

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, 2018

# JEFF DAVIS COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES
## FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

***Financial Statements***

| | |
|---|---|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | ____ Yes __X__ No |
| Significant deficiencies identified not considered to be material weaknesses? | __X__ Yes ____ None Reported |
| Noncompliance material to financial statements noted? | ____ Yes __X__ No |

***Federal Awards***

A single audit was not performed for the fiscal year ended June 30, 2018, due to the County not expending $750,000 or more of federal funds.

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

**2018-001. 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)

**2018-001. 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.

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

**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.

**Auditee Response/Status:** Unresolved – See current year finding 2018-001.

**2017-002. Compliance with State Law**

**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.

**Auditee Response/Status:** Resolved