

JEFF DAVIS COUNTY, GEORGIA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

JEFF DAVIS COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jeff Davis County Board of Health, which represents all of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jeff Davis County Board of Health, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jeff Davis County, Georgia, as of June 30, 2019, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (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 18, 2019, on our consideration of the County'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, Georgia'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 18, 2019

JEFF DAVIS COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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, 2019.

Financial Highlights

- The assets of Jeff Davis County exceeded its liabilities at June 30, 2019, by \$19,644,583 (net position) of which \$7,148,239 is restricted for specific purposes, leaving negative unrestricted net position of \$(671,711).
- At fiscal year-end June 30, 2019, the County's General Fund reported a total fund balance of \$3,108,404.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the 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 the Jeff Davis County's finances, in a manner similar to a private-sector business. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements include not only the 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** 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, TIA SLOST, and Joint Development Authority funds, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Jeff Davis County adopts an annual appropriated budget for its general, special revenue and proprietary funds. A budgetary comparison statement has been provided for the General Fund within the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceed liabilities by \$19,644,583 at the close of the most recent fiscal year.

A large portion of the County's net position, 67%, 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
	2019	2018	2018-2019
Current and other assets	\$ 11,543,202	\$ 10,614,436	8.75 %
Capital assets	16,667,960	16,981,247	(1.84)
Total assets	28,211,162	27,595,683	2.23
Deferred outflows of resources	1,055,627	484,426	117.91
Long-term liabilities outstanding	8,607,158	7,754,058	11.00
Other liabilities	955,403	756,290	26.33
Total liabilities	9,562,561	8,510,348	12.36
Deferred inflows of resources	59,645	186,555	N/A
Net position:			
Net investment in capital assets	13,168,115	13,259,237	(0.69)
Restricted for:			
Public safety	28,281	69,891	(59.54)
Housing and development	1,759,902	1,429,919	23.08
Capital projects	5,360,056	4,811,568	11.40
Unrestricted	(671,771)	(187,409)	(258.45)
Total net position	\$ 19,644,583	\$ 19,383,206	1.35

MANAGEMENT'S DISCUSSION AND ANALYSIS

Jeff Davis County's Changes in Net Position

	Governmental Activities		Percentage Change
	2019	2018	2018-2019
Revenues			
Program revenues:			
Charges for services	\$ 1,796,717	\$ 1,810,761	(0.78) %
Operating grants and contributions	446,880	342,249	30.57
Capital grants and contributions	1,419,447	1,499,031	(5.31)
General revenues:			
Property taxes	5,679,653	5,460,262	4.02
Sales taxes	2,894,232	2,693,263	7.46
Other taxes	745,784	696,593	7.06
Unrestricted investment earnings	14,020	12,166	15.24
Total revenues	<u>12,996,733</u>	<u>12,514,325</u>	3.85
Expenses			
General government	3,180,571	2,759,892	15.24
Judicial	1,213,764	1,135,007	6.94
Public safety	4,321,326	3,908,662	10.56
Public works	2,751,698	1,550,609	77.46
Health and welfare	111,941	103,676	7.97
Recreation	493,720	570,933	(13.52)
Housing and development	520,792	838,218	(37.87)
Interest on long-term debt	141,544	144,901	(2.32)
Total expenses	<u>12,735,356</u>	<u>11,011,898</u>	15.65
Change in net position	261,377	1,502,427	(82.60)
Net position, beginning of year	19,383,206	17,880,779	8.40
Net position, end of year	<u>\$ 19,644,583</u>	<u>\$ 19,383,206</u>	1.35

The changes in net position between fiscal years 2019 and 2018, were affected by the following:

- Net change in total revenues is an increase of 3.85%.
- Charges for services decreased .78% 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 5.31% due to a decrease in transportation tax contributions.
- Increase to public works expenses of 77.46%, was the result of increased capital outlay for various projects during the current year, which are not capitalized at the government wide level.
- Decrease to housing and development expenses of 37.87% 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 \$261,377 for the year ended June 30, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

Governmental Funds. The focus of the 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 the Jeff Davis County. At the end of the current fiscal year, non-spendable fund balance was \$43,669 for prepaid items and unassigned was 3,064,735, while the total fund balance was \$3,108,404.

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 .50% of total general fund expenditures and unassigned fund balance represents 34.53%, while total fund balance represents 35.02% 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 \$1,619,923, revenues in the amount of \$1,877,268, and other financing uses in the amount of \$142,974, resulting in an ending fund balance of \$3,080,628.

Joint Development Authority

The Joint Development Authority accounts for the activity of the County's blended component unit. Expenditures decreased during the current year as a result of lower debt service payments. As a result of the decrease in expenditures, the Joint Development Authority fund reported a decrease in fund balance during the current year of \$320,131.

General Fund Budgetary Highlights

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital Assets. The Jeff Davis County's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$16,667,960 (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
	2019	2018	2018-2019
Land	\$ 2,505,587	\$ 2,505,587	- %
Construction in progress	-	956,591	(100.00)
Land improvements	102,951	321,287	(67.96)
Buildings and improvements	7,871,549	7,273,785	8.22
Machinery and equipment	2,220,341	2,056,321	7.98
Infrastructure	3,967,532	3,867,676	2.58
Total	<u>\$ 16,667,960</u>	<u>\$ 16,981,247</u>	(1.84)

The majority of the decrease is the result of the depreciation exceeding capital asset purchased 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, 2019, is summarized below.

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Revenue bonds	\$ 2,499,601	\$ -	\$ -	\$ 2,499,601
Notes payable	524,940	-	(59,330)	465,610
Capital leases	697,469	-	(162,835)	534,634
Compensated absences	142,630	147,014	(133,903)	155,741
Total OPEB liability	1,218,724	119,068	(67,774)	1,270,018
Net Pension liability	538,814	1,169,753	(205,795)	1,502,772
Landfill post-closure costs	2,131,880	195,921	(149,019)	2,178,782
Total	<u>\$ 7,754,058</u>	<u>\$ 1,631,756</u>	<u>\$ (778,656)</u>	<u>\$ 8,607,158</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 and total OPEB liabilities increased as a result actuarial changes made 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 2020.

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, 2019

	Primary Government Governmental Activities	Component Unit Board of Health
ASSETS		
Cash and cash equivalents	\$ 10,115,351	\$ 554,778
Taxes receivable	384,359	-
Accounts receivable	666,236	-
Due from other governments	333,587	140,549
Prepaid items	43,669	-
Capital assets, non-depreciable	2,505,587	-
Capital assets, depreciable (net of accumulated depreciation)	14,162,373	11,606
Total assets	28,211,162	706,933
DEFERRED OUTFLOWS OF RESOURCES		
Other post-employment benefits	265,013	72,521
Pension	790,614	103,014
Total deferred outflows of resources	1,055,627	175,535
LIABILITIES		
Accounts payable	774,419	-
Accrued liabilities	77,886	94,872
Due to other governments	95,784	-
Short-term notes payable	7,314	-
Capital leases due within one year	111,541	-
Capital leases due in more than one year	423,093	-
Bonds payable due within one year	158,915	-
Bonds payable due in more than one year	2,340,686	-
Compensated absences due within one year	77,871	17,283
Compensated absences due in more than one year	77,871	17,283
Notes payable due within one year	52,345	-
Notes payable due in more than one year	413,265	-
Landfill due within one year	111,118	-
Landfill due in more than one year	2,067,664	-
Total other post-employment benefit liability	1,270,018	218,849
Net pension liability	1,502,772	446,828
Total liabilities	9,562,561	795,115
DEFERRED INFLOWS OF RESOURCES		
Other post-employment benefits	20,010	132,830
Pension	39,635	11,651
Total deferred inflows of resources	59,645	144,481
NET POSITION		
Net investment in capital assets	13,168,115	11,606
Restricted for:		
Public safety	28,281	-
Housing and development	1,759,902	-
Capital projects	5,360,056	-
Other purposes	-	172,304
Unrestricted	(671,771)	(241,038)
Total net position	\$ 19,644,583	\$ (57,128)

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, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
General government	\$ 3,180,571	\$ 83,425	\$ 423,979	\$ 72,955
Judicial	1,213,764	533,572	-	-
Public safety	4,321,326	829,497	20,020	368,118
Public works	2,751,698	-	-	837,953
Health and welfare	111,941	-	-	-
Culture and recreation	493,720	172,940	2,881	-
Housing and development	520,792	177,283	-	140,421
Interest on long-term debt	141,544	-	-	-
Total primary government	<u>\$ 12,735,356</u>	<u>\$ 1,796,717</u>	<u>\$ 446,880</u>	<u>\$ 1,419,447</u>
Component unit:				
Health Department	\$ 614,520	\$ 179,347	\$ 542,753	\$ -
Total component unit	<u>\$ 614,520</u>	<u>\$ 179,347</u>	<u>\$ 542,753</u>	<u>\$ -</u>

General revenues:

Property taxes

Sales taxes

Other taxes

Unrestricted investment earnings

Total general revenues

Change in net position

Net position, beginning of year, 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 Governmental Activities	Component Unit Health Department
\$ (2,600,212)	\$ -
(680,192)	-
(3,103,691)	-
(1,913,745)	-
(111,941)	-
(317,899)	-
(203,088)	-
(141,544)	-
(9,072,312)	-
-	107,580
-	107,580
5,679,653	-
2,894,232	-
745,784	-
14,020	-
9,333,689	-
261,377	107,580
19,383,206	(164,708)
\$ 19,644,583	\$ (57,128)

JEFF DAVIS COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019

ASSETS	General Fund	SPLOST Fund	TIA SPLOST Fund
Cash and cash equivalents	\$ 3,528,344	\$ 3,032,725	\$ 1,543,029
Taxes receivable	384,359	-	-
Accounts receivable	161,259	-	-
Due from other governments	101,345	201,317	30,653
Due from other funds	5,806	-	-
Prepaid items	43,669	-	-
Total assets	<u>\$ 4,224,782</u>	<u>\$ 3,234,042</u>	<u>\$ 1,573,682</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 714,909	\$ 30,588	\$ 22,356
Accrued liabilities	66,542	-	-
Due to other funds	-	27,042	-
Due to other governments	-	95,784	-
Short-term note payable	-	-	-
Total liabilities	<u>781,451</u>	<u>153,414</u>	<u>22,356</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>334,927</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>334,927</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Fund balances:			
Nonspendable for prepaids	43,669	-	-
Restricted for:			
Public safety	-	-	-
Housing and development	-	-	-
Capital projects	-	3,080,628	1,551,326
Unassigned	<u>3,064,735</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>3,108,404</u>	<u>3,080,628</u>	<u>1,551,326</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,224,782</u>	<u>\$ 3,234,042</u>	<u>\$ 1,573,682</u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.
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
\$ 1,190,229	\$ 821,024	\$ 10,115,351
-	-	384,359
504,887	90	666,236
272	-	333,587
27,042	504,887	537,735
-	-	43,669
<u>\$ 1,722,430</u>	<u>\$ 1,326,001</u>	<u>\$ 12,080,937</u>

\$ 4,333	\$ 2,233	\$ 774,419
-	7,573	74,115
504,887	5,806	537,735
-	-	95,784
7,314	-	7,314
<u>516,534</u>	<u>15,612</u>	<u>1,489,367</u>

-	-	334,927
---	---	---------

-	-	334,927
---	---	---------

-	-	43,669
-	28,281	28,281
1,205,896	554,006	1,759,902
-	728,102	5,360,056
-	-	3,064,735
<u>1,205,896</u>	<u>1,310,389</u>	<u>10,256,643</u>

<u>\$ 1,722,430</u>	<u>\$ 1,326,001</u>
---------------------	---------------------

16,667,960
334,927
(8,607,158)
1,055,627
(59,645)
(3,771)
<u>\$ 19,644,583</u>

JEFF DAVIS COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	SPLOST Fund	TIA SPLOST Fund
REVENUES			
Property taxes	\$ 5,722,217	\$ -	\$ -
Sales taxes	1,085,632	1,808,600	-
Other taxes	745,784	-	-
Licenses and permits	52,910	-	-
Intergovernmental	72,955	-	368,118
Charges for services	1,072,837	-	-
Court fees, fines, and forfeitures	404,623	-	-
Interest	1,168	-	-
Leases	-	-	-
Other	364,394	78,668	-
Total revenues	<u>9,522,520</u>	<u>1,887,268</u>	<u>368,118</u>
EXPENDITURES			
Current:			
General government	2,032,237	-	-
Judicial	1,212,822	-	-
Public safety	3,280,934	-	-
Public works	1,533,998	-	-
Health and welfare	111,941	-	-
Culture and recreation	588,210	-	-
Housing and development	114,108	-	-
Intergovernmental	-	675,766	-
Capital outlay	-	769,198	22,355
Debt service:			
Principal	-	162,835	-
Interest	-	12,124	-
Total expenditures	<u>8,874,250</u>	<u>1,619,923</u>	<u>22,355</u>
Excess (deficiency) of revenues over (under) expenditures	<u>648,270</u>	<u>267,345</u>	<u>345,763</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(781,562)	-	-
Proceeds from sale of capital assets	67,839	-	-
Total other financing sources (uses)	<u>(713,723)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(65,453)	267,345	345,763
FUND BALANCES, beginning of year	<u>3,173,857</u>	<u>2,813,283</u>	<u>1,205,563</u>
FUND BALANCES, end of year	<u>\$ 3,108,404</u>	<u>\$ 3,080,628</u>	<u>\$ 1,551,326</u>

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

Joint Development Authority	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 5,722,217
-	-	2,894,232
-	-	745,784
-	-	52,910
140,421	837,953	1,419,447
-	89,064	1,161,901
-	-	404,623
2,402	10,450	14,020
177,283	-	177,283
3,818	-	446,880
<u>323,924</u>	<u>937,467</u>	<u>13,039,297</u>
-	-	2,032,237
-	-	1,212,822
-	580,674	3,861,608
-	-	1,533,998
-	-	111,941
-	-	588,210
145,595	-	259,703
-	-	675,766
201	903,171	1,694,925
59,330	-	222,165
130,229	-	142,353
<u>335,355</u>	<u>1,483,845</u>	<u>12,335,728</u>
<u>(11,431)</u>	<u>(546,378)</u>	<u>703,569</u>
331,562	450,000	781,562
-	-	(781,562)
-	-	67,839
<u>331,562</u>	<u>450,000</u>	<u>67,839</u>
320,131	(96,378)	771,408
<u>885,765</u>	<u>1,406,767</u>	<u>9,485,235</u>
<u>\$ 1,205,896</u>	<u>\$ 1,310,389</u>	<u>\$ 10,256,643</u>

JEFF DAVIS COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Net change in fund balances - total governmental funds	\$ 771,408
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.	(306,912)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(6,375)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(42,564)
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.	222,165
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(376,345)</u>
Change in net position - governmental activities	<u>\$ 261,377</u>

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

JEFF DAVIS COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 5,927,110	\$ 5,927,110	\$ 5,722,217	\$ (204,893)
Sales taxes	1,058,857	1,058,857	1,085,632	26,775
Other taxes	704,315	704,315	745,784	41,469
Licenses and permits	58,845	58,845	52,910	(5,935)
Intergovernmental	41,229	41,229	72,955	31,726
Charges for services	991,731	991,731	1,072,837	81,106
Fines and forfeitures	342,494	342,494	404,623	62,129
Interest	-	-	1,168	1,168
Other	186,758	186,758	364,394	177,636
Total revenues	<u>9,311,339</u>	<u>9,311,339</u>	<u>9,522,520</u>	<u>211,181</u>
EXPENDITURES				
Current:				
General government:				
Board of elections	129,766	129,766	115,112	14,654
Administration	1,402,539	1,402,539	1,389,659	12,880
Tax commissioner	291,377	291,377	305,918	(14,541)
Tax assessors	209,098	209,098	221,548	(12,450)
Total general government	<u>2,032,780</u>	<u>2,032,780</u>	<u>2,032,237</u>	<u>543</u>
Judicial:				
Superior court	225,000	225,000	238,037	(13,037)
Clerk of court	279,052	279,052	292,262	(13,210)
State court	158,868	158,868	148,649	10,219
Magistrate court	289,870	289,870	300,651	(10,781)
Probate court	174,022	174,022	154,025	19,997
Juvenile court	94,374	94,374	79,198	15,176
Total judicial	<u>1,221,186</u>	<u>1,221,186</u>	<u>1,212,822</u>	<u>8,364</u>
Public safety:				
Sheriff	1,408,093	1,408,093	1,420,030	(11,937)
Jail	731,009	731,009	768,710	(37,701)
Fire	257,713	257,713	227,539	30,174
Emergency medical services	718,679	718,679	793,694	(75,015)
Coroner	24,349	24,349	17,195	7,154
Emergency management	52,548	52,548	53,766	(1,218)
Total public safety	<u>3,192,391</u>	<u>3,192,391</u>	<u>3,280,934</u>	<u>(88,543)</u>
Public works:				
Highways and streets	1,218,768	1,218,768	1,207,974	10,794
Solid waste collection	365,761	365,761	326,024	39,737
Total public works	<u>\$ 1,584,529</u>	<u>\$ 1,584,529</u>	<u>\$ 1,533,998</u>	<u>\$ 50,531</u>

(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, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (CONTINUED)				
Current (Continued):				
Health and welfare:				
Health	\$ 112,827	\$ 112,827	\$ 108,146	\$ 4,681
Welfare	12,318	12,318	3,795	8,523
Total health and welfare	125,145	125,145	111,941	13,204
Culture and recreation:				
Recreation	426,477	426,477	489,301	(62,824)
Towns Bluff	68,804	68,804	52,394	16,410
Libraries	45,594	45,594	46,515	(921)
Total culture and recreation	540,875	540,875	588,210	(47,335)
Housing and development:				
Conservation	211,661	211,661	15,619	196,042
County Agent	108,266	108,266	98,489	9,777
Total housing and development	319,927	319,927	114,108	205,819
Total expenditures	9,016,833	9,016,833	8,874,250	142,583
Excess of revenues over expenditures	294,506	294,506	648,270	353,764
OTHER FINANCING SOURCES (USES)				
Transfers out	(378,000)	(378,000)	(781,562)	(403,562)
Proceeds from sale of capital assets	78,635	78,635	67,839	(10,796)
Total other financing uses	(299,365)	(299,365)	(713,723)	(414,358)
Net change in fund balances	(4,859)	(4,859)	(65,453)	(60,594)
FUND BALANCES, beginning of year	3,173,857	3,173,857	3,173,857	-
FUND BALANCES, end of year	\$ 3,168,998	\$ 3,168,998	\$ 3,108,404	\$ (60,594)

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, 2019

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 624,835
Taxes receivable	<u>289,812</u>
Total assets	<u><u>\$ 914,647</u></u>
LIABILITIES	
Due to others	\$ 624,835
Uncollected taxes	<u>289,812</u>
Total liabilities	<u><u>\$ 914,647</u></u>

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

JEFF DAVIS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

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

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 the County. The Development Authority is fiscally dependent upon the County due to the fact that the Development Authority has received operating subsidies from the County for several years, and thus a pattern of financial burden upon the County has been established. The County has contractually obligated itself to use its taxing powers to guarantee repayment of principal and interest on certain revenue bonds issued by the Development Authority. SPLOST receipts are used for industry assistance in order to create jobs. There are no separately issued financial statements available for the Development Authority.

NOTES TO FINANCIAL STATEMENTS

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 the 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.

NOTES TO FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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 back trending.

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

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

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

NOTES TO FINANCIAL STATEMENTS

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 a future period(s) and, therefore, 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 a future period(s) and, therefore, 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. Additionally, the difference between expected and actual experience is recorded as a deferred inflow of resources and amortized against pension and OPEB 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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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

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, 2019.

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	\$ (534,634)
Revenue bonds payable	(2,499,601)
Notes payable	(465,610)
Landfill post-closure costs	(2,178,782)
Net pension liability	(1,502,772)
Total OPEB liability	(1,270,018)
Compensated absences	<u>(155,741)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (8,607,158)</u></u>

NOTES TO FINANCIAL STATEMENTS

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	\$ 908,878
Depreciation expense	<u>(1,215,790)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u><u>\$ (306,912)</u></u>

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

Principal repayments:	
Capital leases	\$ 162,835
Notes payable	<u>59,330</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u><u>\$ 222,165</u></u>

NOTES TO FINANCIAL STATEMENTS

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	\$ (13,111)
Accrued interest	809
Landfill post-closure costs	(46,902)
Total OPEB liability and related deferred outflows/inflows of resources	(41,740)
Net pension liability and related deferred outflows/inflows of resources	<u>(275,401)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u><u>\$ (376,345)</u></u>

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

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

The governmental funds budgets are adopted on a basis consistent with GAAP, except that outstanding encumbrances at year-end are reported as budgetary expenditures. There were no outstanding encumbrances as of June 30, 2019.

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

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

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

NOTES TO FINANCIAL STATEMENTS

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, 2019, expenditures exceeded budget, as follows:

<u>Fund or Department</u>	<u>Excess</u>
General Fund:	
Tax commissioner	\$ 14,541
Tax assessors	12,450
Superior court	13,037
Clerk of court	13,210
Magistrate court	10,781
Sheriff	11,937
Jail	37,701
Emergency medical services	75,015
Emergency management	1,218
Recreation	62,824
Libraries	921

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

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2019, are summarized as follows:

Balances per Statement of Net Position:

Cash and cash equivalents - primary government	\$ 10,115,351
Cash - agency funds	624,835
	<u>\$ 10,740,186</u>

Balances by type:

Cash deposited with financial institutions	\$ 10,740,186
	<u>\$ 10,740,186</u>

Credit Risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County has no formal credit risk policy other than to only invest in obligations authorized by the State of Georgia. As of June 30, 2019, 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, 2019, all of the deposits of the County were properly insured and collateralized as required by the Official Code of Georgia Annotated ("O.C.G.A").

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables at June 30, 2019, for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	<u>General</u>	<u>SPLOST</u>	<u>TIA SPLOST</u>
Receivables:			
Taxes	\$ 384,359	\$ -	\$ -
Accounts	300,944	-	-
Due from other governments	101,345	201,317	30,653
Gross receivables	786,648	201,317	30,653
Less allowance for uncollectibles	139,685	-	-
Net total receivables	<u>\$ 646,963</u>	<u>\$ 201,317</u>	<u>\$ 30,653</u>
	<u>Joint</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Development</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Authority</u>	<u>Funds</u>	<u>Funds</u>
Receivables:			
Taxes	\$ -	\$ -	\$ 384,359
Accounts	1,266,887	90	1,567,921
Due from other governments	272	-	333,587
Gross receivables	1,267,159	90	2,285,867
Less allowance for uncollectibles	762,000	-	901,685
Net total receivables	<u>\$ 505,159</u>	<u>\$ 90</u>	<u>\$ 1,384,182</u>

Property taxes were levied on October 11, 2018. Bills were payable on or before December 20, 2018, 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, 2018. The County bills and collects its own property taxes. Property taxes levied for 2018 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2019, and collected by August 31, 2019, are recognized as revenues in the year ended June 30, 2019. Net receivables estimated to be collected subsequent to August 31, 2019, are deferred as of June 30, 2019, and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 2,505,587	\$ -	\$ -	\$ -	\$ 2,505,587
Constuction in progress	956,591	-	-	(956,591)	-
Total	<u>3,462,178</u>	<u>-</u>	<u>-</u>	<u>(956,591)</u>	<u>2,505,587</u>
Capital assets, being depreciated:					
Land improvements	685,002	149,175	-	-	834,177
Buildings and improvements	13,346,766	-	-	956,591	14,303,357
Machinery and equipment	8,420,172	201,011	-	-	8,621,183
Infrastrcture	5,656,399	558,692	(194,310)	-	6,020,781
Total	<u>28,108,339</u>	<u>908,878</u>	<u>(194,310)</u>	<u>956,591</u>	<u>29,779,498</u>
Less accumulated depreciation for:					
Land improvements	(363,715)	(367,511)	-	-	(731,226)
Buildings and improvements	(6,072,981)	(358,827)	-	-	(6,431,808)
Machinery and equipment	(6,363,851)	(36,991)	-	-	(6,400,842)
Infrastructure	(1,788,723)	(452,461)	187,935	-	(2,053,249)
Total	<u>(14,589,270)</u>	<u>(1,215,790)</u>	<u>187,935</u>	<u>-</u>	<u>(15,617,125)</u>
Total capital assets, being depreciated, net	<u>13,519,069</u>	<u>(306,912)</u>	<u>(6,375)</u>	<u>956,591</u>	<u>14,162,373</u>
Total capital assets, net	<u>\$ 16,981,247</u>	<u>\$ (306,912)</u>	<u>\$ (6,375)</u>	<u>\$ -</u>	<u>\$ 16,667,960</u>

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

Governmental activities:	
General government	\$ 452,089
Judicial	663
Public safety	130,746
Public works	302,537
Culture and recreation	68,666
Housing and development	<u>261,089</u>
Total depreciation expense - governmental activities	<u>\$ 1,215,790</u>

NOTES TO FINANCIAL STATEMENTS

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, 2018 with a variable interest rate, which is the prime rate with interest due monthly and principal due on December 31, 2019. The principal balance was \$7,314 as of June 30, 2019.

The following is a summary of short-term debt transactions for the County for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Line of credit	\$ 82,195	\$ (74,881)	\$ -	\$ 7,314
Total	<u>\$ 82,195</u>	<u>\$ (74,881)</u>	<u>\$ -</u>	<u>\$ 7,314</u>

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, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 2,499,601	\$ -	\$ -	\$ 2,499,601	\$ 158,915
Notes payable	524,940	-	(59,330)	465,610	52,345
Capital leases	697,469	-	(162,835)	534,634	111,541
Compensated absences	142,630	147,014	(133,903)	155,741	77,871
Total OPEB liability	1,218,724	119,068	(67,774)	1,270,018	-
Net pension liability	538,814	1,169,753	(205,795)	1,502,772	-
Landfill post-closure costs	<u>2,131,880</u>	<u>195,921</u>	<u>(149,019)</u>	<u>2,178,782</u>	<u>111,118</u>
Governmental activities					
Long-term liabilities	<u>\$ 7,754,058</u>	<u>\$ 1,631,756</u>	<u>\$ (778,656)</u>	<u>\$ 8,607,158</u>	<u>\$ 511,790</u>

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

NOTES TO FINANCIAL STATEMENTS

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, 2019, are as follows:

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

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

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 158,915	\$ 105,427	\$ 264,342
2021	217,185	100,645	317,830
2022	226,846	90,983	317,829
2023	236,937	80,892	317,829
2024	247,477	63,013	310,490
2025 – 2029	<u>1,412,241</u>	<u>176,165</u>	<u>1,588,406</u>
Total	<u>\$ 2,499,601</u>	<u>\$ 617,125</u>	<u>\$ 3,116,726</u>

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. During 2008, the County entered into a direct borrowing from One Georgia Authority, which was secured with several pieces of property. During 2016, the Jeff Davis Development Authority entered into a direct borrowing from financial institution, which was secured by the full faith, credit, and tax power of the County. In the event of default, the County agrees to pay the financial institution the entire indebtedness, including the prepayment penalty, immediately on any amounts due and payable by the County under this agreement.

Notes payable outstanding at June 30, 2019, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
#1 Renewal and amortization of line of credit	Variable	10 years	2027	315,195	\$ 224,606
#2 Agriculture processing facility expansion	3.00%	20 years	2028	440,948	241,004
					<u>\$ 465,610</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

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

Fiscal year ending June 30,	Principal	Interest	Total
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	59,222	6,855	66,077
2025 – 2028	186,959	5,541	192,500
Total	<u>\$ 465,610</u>	<u>\$ 57,232</u>	<u>\$ 522,842</u>

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

The cost of assets under capital leases as of June 30, 2019:

	Governmental Activities
Machinery and equipment	\$ 1,057,769
Less accumulated depreciation	<u>(552,657)</u>
Carrying value	<u>\$ 505,112</u>

Current year depreciation expense of assets under capital lease totaled \$175,484.

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

Fiscal year ending June 30,	
2020	\$ 125,191
2021	125,191
2022	<u>316,269</u>
Total minimum lease payments	566,651
Less amount representing interest	<u>32,017</u>
Present value of future minimum lease payments	<u>\$ 534,634</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Landfill Post-closure Costs. Effective October 27, 1999, the 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, 2019, the County has a remaining 14 years of monitoring. Engineering studies estimate post-closure costs of approximately \$2,178,782 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, 2019. 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, 2019, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Joint Development Authority Fund	SPLOST Fund	\$ 27,042
General Fund	Nonmajor Governmental Funds	5,806
Nonmajor Governmental Funds	Joint Development Authority Fund	504,887
		<u>\$ 537,735</u>

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

Interfund transfers:

Transfers In	Transfers Out	Amount
Joint Development Authority Fund	General Fund	\$ 331,562
Nonmajor Governmental Funds	General Fund	450,000
		<u>\$ 781,562</u>

NOTES TO FINANCIAL STATEMENTS

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.

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, 2018, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	37
Inactive plan members entitled to but not receiving benefits	52
Active plan members	73
Total	<u>162</u>

NOTES TO FINANCIAL STATEMENTS

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, 2019, the County's contribution rate was 9.6% of annual payroll. County contributions to the Plan were \$205,795 for the year ended June 30, 2019.

Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018, with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2018.

Actuarial Assumptions. The total pension liability in the January 1, 2018 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	7.00%, 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, 2018 valuation were based on the results of an actuarial experience study for December 31, 2017.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

Actuarial Assumptions (Continued). The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (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, 2018, 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 7.00%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made based on the average County contribution made to the Plan over the prior five years. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended June 30, 2019, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 4,998,829	\$ 4,460,015	\$ 538,814
<i>Changes for the year:</i>			
Service cost	86,250	-	86,250
Interest	352,705	-	352,705
Liability experience (gain)/loss	150,117	-	150,117
Assumption change	351,374	-	351,374
Contributions-employer	-	205,795	(205,795)
Net investment income	-	(193,077)	193,077
Benefit payments, including refunds of employee contributions	(267,865)	(267,865)	-
Administrative expense	-	(16,811)	16,811
Other changes	-	(19,419)	19,419
<i>Net changes</i>	672,581	(291,377)	963,958
Balances at June 30, 2019	<u>\$ 5,671,410</u>	<u>\$ 4,168,638</u>	<u>\$ 1,502,772</u>

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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's net pension liability	\$ 2,212,112	\$ 1,502,772	\$ 912,596

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued). Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2018, 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, 2019, the County recognized pension expense of \$481,196. At June 30, 2019, 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	\$ 299,441	\$ -
Differences between expected and actual experience	168,233	39,635
Changes in assumptions	322,940	-
Total	<u>\$ 790,614</u>	<u>\$ 39,635</u>

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:	
2020	\$ 301,746
2021	204,632
2022	139,495
2023	<u>105,106</u>
Total	<u>\$ 750,979</u>

NOTES TO FINANCIAL STATEMENTS

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 employee 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, 2018:

Active members	91
Retired members	7
Dependents of retired members	<u>5</u>
	<u><u>103</u></u>

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, 2019, the County contributed \$46,216 for the pay as you go benefits for the OPEB Plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability of the County

The County's total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	3.50%
Healthcare Cost Trend Rate:	5.80% 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, 2018 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 3.50%. 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 3.50% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2019.

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, 2019, were as follows:

	Total OPEB Liability
Beginning balance	<u>\$ 1,218,724</u>
Changes for the year:	
Service cost	24,545
Interest	44,163
Experience differences	(21,558)
Assumption changes	50,360
Benefit payments	<u>(46,216)</u>
Net change	<u>51,294</u>
Ending balance	<u><u>\$ 1,270,018</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability of the County (Continued)

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 (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	2.50%	3.50%	4.50%
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,447,410	\$ 1,270,018	\$ 1,125,131

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:

	2.50%	3.50%	4.50%
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 916,447	\$ 1,270,018	\$ 1,720,887

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, 2019, and the current sharing pattern of costs between employer and inactive employees.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$41,740. At June 30, 2019, the County reported deferred outflows and inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 20,010
Other changes in assumptions	265,013	-
Total	<u>\$ 265,013</u>	<u>\$ 20,010</u>

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

Year ending June 30:

2019	\$ 19,247
2020	19,247
2021	19,247
2022	19,247
2023	19,247
Thereafter	<u>148,768</u>
Total	<u>\$ 245,003</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

Pursuant to Title 34, Chapter 9, Article 5 of the O.C.G.A., 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.

NOTES TO FINANCIAL STATEMENTS

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. O.C.G.A. Section 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 2019 was \$10,842.

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

REQUIRED SUPPLEMENTARY INFORMATION

JEFF DAVIS COUNTY, GEORGIA

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

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 24,545	\$ 20,658
Interest on total OPEB liability	44,163	34,049
Differences between expected and actual experience	(21,558)	-
Changes of assumptions	50,360	252,628
Benefit payments	<u>(46,216)</u>	<u>(38,061)</u>
Net change in total OPEB liability	51,294	269,274
Total OPEB liability - beginning	<u>1,218,724</u>	<u>949,450</u>
Total OPEB liability - ending	<u>\$ 1,270,018</u>	<u>\$ 1,218,724</u>
Covered payroll	\$ 3,336,091	\$ 2,984,154
County's total OPEB liability as a percentage of covered payroll	38.1%	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 TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED JUNE 30,

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 86,250	\$ 73,148	\$ 73,151	\$ 60,338	\$ 56,716
Interest on total pension liability	352,705	346,452	326,410	296,404	286,283
Differences between expected and actual experience	150,117	(83,675)	131,356	142,996	-
Changes of assumptions	351,374	12,141	141,756	126,236	-
Benefit payments, including refunds of employee contributions	(267,865)	(255,794)	(236,490)	(215,290)	(200,839)
Net change in total pension liability	672,581	92,272	436,183	410,684	142,160
Total pension liability - beginning	4,998,829	4,906,557	4,470,374	4,059,689	3,917,529
Total pension liability - ending (a)	\$ 5,671,410	\$ 4,998,829	\$ 4,906,557	\$ 4,470,373	\$ 4,059,689
Plan fiduciary net position					
Contributions - employer	\$ 205,795	\$ 222,547	\$ 245,510	\$ 211,955	\$ 194,351
Net investment income	(193,077)	596,874	265,986	31,916	256,611
Benefit payments, including refunds of employee contributions	(267,865)	(255,794)	(236,490)	(215,290)	(200,839)
Administrative expenses	(16,811)	(13,851)	(17,407)	(13,906)	(12,661)
Other	(19,419)	(23,234)	(22,924)	(46,692)	(21,872)
Net change in fiduciary net position	(291,377)	526,542	234,675	(32,017)	215,590
Plan fiduciary net position - beginning	4,460,015	3,933,473	3,698,798	3,730,815	3,515,225
Plan fiduciary net position - ending (b)	\$ 4,168,638	\$ 4,460,015	\$ 3,933,473	\$ 3,698,798	\$ 3,730,815
County's net pension liability - ending (a) - (b)	\$ 1,502,772	\$ 538,814	\$ 973,084	\$ 771,575	\$ 328,874
Plan fiduciary net position as a percentage of total pension liability	73.5%	89.2%	80.2%	82.7%	91.9%
Covered payroll	\$ 2,376,006	\$ 2,145,001	\$ 2,144,605	\$ 2,085,053	\$ 1,938,321
County's net pension liability as a percentage of covered payroll	63.2%	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 CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 288,409	\$ 205,795	\$ 222,547	\$ 245,510	\$ 211,955
Contributions in relation to the actuarially determined contribution	<u>288,409</u>	<u>205,795</u>	<u>222,547</u>	<u>245,510</u>	<u>211,955</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,376,006	\$ 2,145,001	\$ 2,144,605	\$ 2,085,053	\$ 1,938,321
Contributions as a percentage of covered payroll	12.1%	9.6%	10.4%	11.8%	10.9%

Notes to the Schedule

Valuation Date	January 1, 2018
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a 5-year smoothing period
Assumed Rate of Return on Investments	7.00%
Projected Salary Increases	2.0% - 4.5% (including 3.0% inflation)
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

Notes to the Schedule:

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

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, 2019

ASSETS	Special Revenue Funds			Capital Project Fund	Nonmajor Governmental Funds
	Revolving Loan	Emergency 911	EIP Grant	LMIG Fund	
Cash and cash equivalents	\$ 49,016	\$ 43,803	\$ 103	\$ 728,102	\$ 821,024
Accounts receivable	-	90	-	-	90
Due from other funds	504,887	-	-	-	504,887
Total assets	<u>\$ 553,903</u>	<u>\$ 43,893</u>	<u>\$ 103</u>	<u>\$ 728,102</u>	<u>\$ 1,326,001</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 2,233	\$ -	\$ -	\$ 2,233
Accrued liabilities	-	7,573	-	-	7,573
Due to other funds	-	5,806	-	-	5,806
Total liabilities	<u>-</u>	<u>15,612</u>	<u>-</u>	<u>-</u>	<u>15,612</u>
FUND BALANCES					
Restricted for:					
Public safety	-	28,281	-	-	28,281
Housing and development	553,903	-	103	-	554,006
Capital projects	-	-	-	728,102	728,102
Total fund balance	<u>553,903</u>	<u>28,281</u>	<u>103</u>	<u>728,102</u>	<u>1,310,389</u>
Total liabilities and fund balances	<u>\$ 553,903</u>	<u>\$ 43,893</u>	<u>\$ 103</u>	<u>\$ 728,102</u>	<u>\$ 1,326,001</u>

JEFF DAVIS COUNTY, GEORGIA

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

	Special Revenue Funds			Capital Project Fund	Nonmajor Governmental Funds
	Revolving Loan	Emergency 911	EIP Grant	LMIG Fund	
REVENUES					
Intergovernmental	\$ 2,484	\$ -	\$ -	\$ 835,469	\$ 837,953
Charges for services	-	89,064	-	-	89,064
Interest	7,368	-	-	3,082	10,450
Total revenues	<u>9,852</u>	<u>89,064</u>	<u>-</u>	<u>838,551</u>	<u>937,467</u>
EXPENDITURES					
Current:					
Public safety	-	580,674	-	-	580,674
Capital outlay	-	-	-	903,171	903,171
Total expenditures	<u>-</u>	<u>580,674</u>	<u>-</u>	<u>903,171</u>	<u>1,483,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,852</u>	<u>(491,610)</u>	<u>-</u>	<u>(64,620)</u>	<u>(546,378)</u>
OTHER FINANCING SOURCES					
Transfers in	-	450,000	-	-	450,000
Total other financing sources	<u>-</u>	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
Net change in fund balances	9,852	(41,610)	-	(64,620)	(96,378)
FUND BALANCE, beginning of year	<u>544,051</u>	<u>69,891</u>	<u>103</u>	<u>792,722</u>	<u>1,406,767</u>
FUND BALANCE, end of year	<u>\$ 553,903</u>	<u>\$ 28,281</u>	<u>\$ 103</u>	<u>\$ 728,102</u>	<u>\$ 1,310,389</u>

JEFF DAVIS COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Roads, bridges, equipment	\$ 3,547,000	\$ 3,547,000	\$ 3,527,799	\$ 273,767	\$ 3,801,566
City of Hazlehurst	2,282,000	2,282,000	2,919,585	675,766	3,595,351
Hospital	1,500,000	1,500,000	1,100,725	-	1,100,725
Public safety	1,123,000	1,123,000	482,526	230,435	712,961
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	264,996	458,007
Renovation of public buildings	<u>420,000</u>	<u>420,000</u>	<u>193,011</u>	<u>-</u>	<u>193,011</u>
	<u>\$ 11,375,000</u>	<u>\$ 11,375,000</u>	<u>\$ 9,593,198</u>	1,444,964	<u>\$ 11,038,162</u>
Debt service payments on equipment already included as an expenditure above and transfers out				<u>174,959</u>	
				<u>\$ 1,619,923</u>	

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, 2019

	<u>Tax Commissioner</u>	<u>Magistrate Court</u>	<u>Probate Court</u>	<u>Clerk of Court</u>
ASSETS				
Cash	\$ 338,170	\$ 27,194	\$ 5,583	\$ 130,556
Taxes receivable	<u>289,812</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 627,982</u>	<u>\$ 27,194</u>	<u>\$ 5,583</u>	<u>\$ 130,556</u>
LIABILITIES				
Due to others	\$ 338,170	\$ 27,194	\$ 5,583	\$ 130,556
Uncollected taxes	<u>289,812</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 627,982</u>	<u>\$ 27,194</u>	<u>\$ 5,583</u>	<u>\$ 130,556</u>

Sheriff		Total	
\$	123,332	\$	624,835
	-		289,812
<u>\$</u>	<u>123,332</u>	<u>\$</u>	<u>914,647</u>
\$	123,332	\$	624,835
	-		289,812
<u>\$</u>	<u>123,332</u>	<u>\$</u>	<u>914,647</u>

COMPLIANCE SECTION



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

**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 fiscal year ended June 30, 2019, 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 18, 2019. Our report includes references to other auditors who audited the financial statements of the Jeff Davis County Board of Health, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider item 2019-001, 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

The County'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 18, 2019

JEFF DAVIS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019, due to the County not expending \$750,000 or more of federal funds.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2019-001. Segregation of Duties (Repeat Finding)

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

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

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

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

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

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

JEFF DAVIS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2019-001. 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.

JEFF DAVIS COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

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.

Auditee Response/Status: Unresolved – See current year finding 2019-001.