

MONROE COUNTY, GEORGIA

FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

MONROE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditor's Report	1 – 3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds	6
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	8
General Fund – Statement of Revenues, Expenditures and Changes in	
Fund Balances – Budget (GAAP Basis) and Actual	9 and 10
E-911 Fund – Statement of Revenues, Expenditures and Changes in	
Fund Balances – Budget (GAAP Basis) and Actual	11
Statement of Net Position – Proprietary Funds	12
Statement of Revenues, Expenses and Changes in	
Fund Net Position – Proprietary Funds	13
Statement of Cash Flows – Proprietary Funds	14 and 15
Statement of Fiduciary Net Position – Fiduciary Funds	16
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	17
Notes to Financial Statements	18 – 57
Required Supplementary Information:	
Schedule of Changes in the County's Net Pension Liability and Related Ratios	58
Schedule of County Pension Contributions	59
Schedule of Changes in the County's Total OPEB Liability and Related Ratios	60
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	61 and 62
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances – Nonmajor Governmental Funds	63 and 64

MONROE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS (CONTINUED)

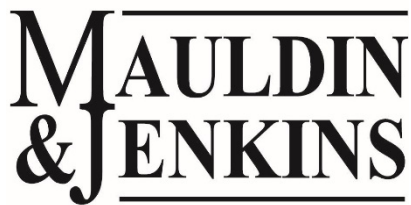
Page

FINANCIAL SECTION (CONTINUED)

Schedule of Expenditures of Special Purpose Local Option Sales Tax	
Proceeds – 2014 Issue	65
Combining Statement of Net Position – Nonmajor Enterprise Funds	66
Combining Statement of Revenues, Expenses and Changes in	
Fund Net Position – Nonmajor Enterprise Funds	67
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	68 and 69
Combining Balance Sheet – Agency Funds	70

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and	
on Compliance and Other Matters Based on an Audit of Financial Statements	
Performed in Accordance with <i>Government Auditing Standards</i>	71 and 72
Schedule of Findings and Responses	73 – 78
Schedule of Prior Year Findings	79 – 82



INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners of
Monroe County, Georgia
Forsyth, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Monroe County, Georgia** (the "County"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Monroe County Health Department, which represents 8.5% of the assets, (3.7%) of the net position, and 94.9% of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe County Health Department, is based solely on the report 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 the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Georgia as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 12 and 15, the County implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as of January 1, 2018. This standard significantly changed the accounting for the County's net other post-employment benefits (OPEB) liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the County's Net Pension Liability and Related Ratios (page 58), Schedule of County Pension Contributions (page 59), and Schedule of Changes in the County's Total OPEB Liability and Related Ratios (on pages 60) 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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 statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. 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 Annotated ("O.C.G.A.") § 48-8-121, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules 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 August 20, 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 the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
August 20, 2019

BASIC FINANCIAL STATEMENTS

MONROE COUNTY, GEORGIA

STATEMENT OF NET POSITION DECEMBER 31, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Development Authority	Health Department
ASSETS					
Cash and cash equivalents	\$ 15,860,458	\$ 1,028,411	\$ 16,888,869	\$ 2,343,784	\$ 319,931
Investments	69,430	151,994	221,424	-	102,600
Taxes receivable	1,302,000	-	1,302,000	-	-
Interest receivable	86	-	86	-	-
Accounts receivable, net of allowances	774,644	217,129	991,773	200,000	41,427
Due from other governments	1,156,037	-	1,156,037	-	-
Internal balances	146,829	(146,829)	-	-	-
Inventories	346,391	55,471	401,862	-	-
Prepaid items	9,893	-	9,893	3,076	-
Restricted assets: cash	6,082,348	120,439	6,202,787	-	-
Capital assets, non-depreciable	2,503,608	632,744	3,136,352	1,923,949	-
Capital assets, depreciable, net of accumulated depreciation	66,156,350	36,366,385	102,522,735	623,838	8,087
Total assets	94,408,074	38,425,744	132,833,818	5,094,647	472,045
DEFERRED OUTFLOW OF RESOURCES					
Pensions	1,279,320	88,351	1,367,671	-	79,868
Other post-employment benefits	141,933	-	141,933	-	54,142
Total deferred outflows of resources	1,421,253	88,351	1,509,604	-	134,010
LIABILITIES					
Accounts payable	740,698	224,008	964,706	3,093	24,087
Accrued liabilities	413,555	42,543	456,098	-	7,728
Unearned revenues	443,387	-	443,387	16,000	-
Accrued interest	39,232	-	39,232	-	-
Customer deposits payable	-	120,439	120,439	-	-
Capital leases due within one year	75,405	-	75,405	-	-
Capital leases due in more than one year	158,101	-	158,101	-	-
Compensated absences due within one year	425,999	18,637	444,636	-	-
Compensated absences due in more than one year	331,310	85,406	416,716	-	35,731
Net pension liability	3,845,497	265,576	4,111,073	-	353,092
Notes payable due in within one year	-	51,814	51,814	-	-
Notes payable due in more than one year	-	1,068,627	1,068,627	-	-
Bonds payable due within one year	4,660,000	-	4,660,000	-	-
Bonds payable due in more than one year	7,823,421	-	7,823,421	-	-
Landfill closure and post-closure care costs due in more than one year	-	1,342,149	1,342,149	-	-
Total other post-employment benefits liability	2,711,591	-	2,711,591	-	319,633
Total liabilities	21,668,196	3,219,199	24,887,395	19,093	740,271
DEFERRED INFLOW OF RESOURCES					
Pensions	1,105,849	76,371	1,182,220	-	13,504
Other post-employment benefits	-	-	-	-	32,962
Total deferred inflows of resources	1,105,849	76,371	1,182,220	-	46,466
NET POSITION (DEFICIT)					
Net investment in capital assets	61,809,920	35,878,688	97,688,608	2,547,787	8,087
Restricted for:					
Judicial	151,114	-	151,114	-	-
Public safety	396,123	-	396,123	-	-
Capital projects	6,103,851	-	6,103,851	-	-
Unrestricted	4,594,274	(660,163)	3,934,111	2,527,767	(188,769)
Total net position (deficit)	\$ 73,055,282	\$ 35,218,525	\$ 108,273,807	\$ 5,075,554	\$ (180,682)

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

MONROE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Development Authority	Health Department
Primary government:									
Governmental activities:									
General government	\$ 9,774,968	\$ 519,174	\$ 576,517	\$ -	\$ (8,679,277)	\$ -	\$ (8,679,277)	\$ -	\$ -
Judicial	1,784,516	1,632,007	-	-	(152,509)	-	(152,509)	-	-
Public safety	11,088,932	1,196,012	227,187	14	(9,665,719)	-	(9,665,719)	-	-
Public works	4,586,170	14,996	683,812	73,160	(3,814,202)	-	(3,814,202)	-	-
Health and welfare	1,297,865	14,580	36,666	-	(1,246,619)	-	(1,246,619)	-	-
Culture and recreation	849,901	54,616	1,057	-	(794,228)	-	(794,228)	-	-
Housing and development	272,449	-	-	-	(272,449)	-	(272,449)	-	-
Interest on long-term debt	348,105	-	-	-	(348,105)	-	(348,105)	-	-
Total governmental activities	<u>30,002,906</u>	<u>3,431,385</u>	<u>1,525,239</u>	<u>73,174</u>	<u>(24,973,108)</u>	<u>-</u>	<u>(24,973,108)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water	2,607,085	1,526,666	-	-	-	(1,080,419)	(1,080,419)	-	-
Landfill	1,657,836	517,487	-	-	-	(1,140,349)	(1,140,349)	-	-
Building inspections	293,959	254,083	-	-	-	(39,876)	(39,876)	-	-
Total business-type activities	<u>4,558,880</u>	<u>2,298,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,260,644)</u>	<u>(2,260,644)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 34,561,786</u>	<u>\$ 5,729,621</u>	<u>\$ 1,525,239</u>	<u>\$ 73,174</u>	<u>(24,973,108)</u>	<u>(2,260,644)</u>	<u>(27,233,752)</u>	<u>-</u>	<u>-</u>
Component units:									
Development Authority	\$ 241,050	\$ 32,957	\$ -	\$ -	-	-	-	(208,093)	-
Health Department	658,431	292,595	403,540	-	-	-	-	-	37,704
Total component units	<u>\$ 899,481</u>	<u>\$ 325,552</u>	<u>\$ 403,540</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(208,093)</u>	<u>37,704</u>
General revenues:									
Property taxes					21,089,710	-	21,089,710	-	-
Sales taxes					8,528,006	-	8,528,006	-	-
Insurance premium tax					1,427,943	-	1,427,943	-	-
Intangible tax					194,169	-	194,169	-	-
Alcoholic beverages tax					112,566	-	112,566	-	-
Other taxes					155,381	-	155,381	-	-
Unrestricted investment earnings					52,216	814	53,030	4,591	1,823
Gain on sale of capital assets					130,078	-	130,078	-	-
Transfers					(2,843,938)	2,843,938	-	-	-
Total general revenues and transfers					<u>28,846,131</u>	<u>2,844,752</u>	<u>31,690,883</u>	<u>4,591</u>	<u>1,823</u>
Change in net position					<u>3,873,023</u>	<u>584,108</u>	<u>4,457,131</u>	<u>(203,502)</u>	<u>39,527</u>
Net position, beginning of year, as previously reported					<u>69,952,266</u>	<u>34,634,417</u>	<u>104,586,683</u>	<u>5,279,056</u>	<u>113,257</u>
Restatement					<u>(770,007)</u>	<u>-</u>	<u>(770,007)</u>	<u>-</u>	<u>(333,466)</u>
Net position (deficit), beginning of year, as restated					<u>69,182,259</u>	<u>34,634,417</u>	<u>103,816,676</u>	<u>5,279,056</u>	<u>(220,209)</u>
Net position (deficit), end of year					<u>\$ 73,055,282</u>	<u>\$ 35,218,525</u>	<u>\$ 108,273,807</u>	<u>\$ 5,075,554</u>	<u>\$ (180,682)</u>

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

MONROE COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2018

	General	Public Facilities Authority	E-911	2014 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 14,092,441	\$ -	\$ 374,587	\$ 541,692	\$ 851,738	\$ 15,860,458
Investments	192	-	-	-	69,238	69,430
Taxes receivable (net)	1,302,000	-	-	-	-	1,302,000
Accounts receivable (net)	624,190	-	132,680	-	17,774	774,644
Interest receivable	-	-	-	-	86	86
Due from other governments	446,336	244,127	-	379,863	85,711	1,156,037
Due from other funds	2,444,447	-	-	-	-	2,444,447
Inventories	346,391	-	-	-	-	346,391
Prepaid items	9,893	-	-	-	-	9,893
Restricted cash	-	6,082,348	-	-	-	6,082,348
Total assets	<u>\$ 19,265,890</u>	<u>\$ 6,326,475</u>	<u>\$ 507,267</u>	<u>\$ 921,555</u>	<u>\$ 1,024,547</u>	<u>\$ 28,045,734</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
LIABILITIES						
Accounts payable	\$ 410,147	\$ 6,000	\$ 209,346	\$ 66,243	\$ 48,962	\$ 740,698
Accrued liabilities	371,926	-	34,097	-	7,532	413,555
Unearned revenues	361,575	-	-	-	81,812	443,387
Due to other funds	10,492	95,404	-	1,669,758	521,964	2,297,618
Total liabilities	<u>1,154,140</u>	<u>101,404</u>	<u>243,443</u>	<u>1,736,001</u>	<u>660,270</u>	<u>3,895,258</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	897,771	-	-	-	-	897,771
Unavailable revenue - emergency services	101,144	-	-	-	-	101,144
Total deferred inflows of resources	<u>998,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>998,915</u>
FUND BALANCES (DEFICIT)						
Fund balances:						
Nonspendable:						
Inventories	346,391	-	-	-	-	346,391
Prepaid items	9,893	-	-	-	-	9,893
Restricted for:						
Judicial	-	-	-	-	151,114	151,114
Public safety	-	-	263,824	-	132,299	396,123
Capital projects	94,239	6,009,612	-	-	-	6,103,851
Debt service	-	215,459	-	-	-	215,459
Assigned for:						
General government	2,482,822	-	-	-	-	2,482,822
Culture and recreation	7,521	-	-	-	90,020	97,541
Unassigned	14,171,969	-	-	(814,446)	(9,156)	13,348,367
Total fund balances (deficit)	<u>17,112,835</u>	<u>6,225,071</u>	<u>263,824</u>	<u>(814,446)</u>	<u>364,277</u>	<u>23,151,561</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 19,265,890</u>	<u>\$ 6,326,475</u>	<u>\$ 507,267</u>	<u>\$ 921,555</u>	<u>\$ 1,024,547</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.	68,659,958
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	998,915
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(13,513,468)
The net pension liability and related deferred outflows and inflows of resources are not financial resources and, therefore, are not reported in the governmental funds.	(3,672,026)
The total OPEB liability and related deferred outflows of resources are not financial resources and, therefore, are not reported in the governmental funds.	(2,569,658)

Net position of governmental activities	\$ 73,055,282
---	---------------

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

MONROE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Public Facilities Authority	E-911	2014 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 20,851,499	\$ -	\$ -	\$ -	\$ -	\$ 20,851,499
Sales taxes	3,660,269	-	-	4,867,737	-	8,528,006
Other taxes	1,890,059	-	-	-	-	1,890,059
Licenses and permits	51,399	-	-	-	-	51,399
Intergovernmental	1,331,449	-	48,600	-	207,242	1,587,291
Charges for services	1,506,063	-	460,715	-	8,662	1,975,440
Fines and forfeitures	964,439	-	-	-	382,730	1,347,169
Interest income	94	51,423	14	-	699	52,230
Contributions	750	-	-	-	1,657	2,407
Miscellaneous	157,013	-	90,887	-	8,841	256,741
Total revenues	<u>30,413,034</u>	<u>51,423</u>	<u>600,216</u>	<u>4,867,737</u>	<u>609,831</u>	<u>36,542,241</u>
Expenditures						
Current:						
General government	8,303,776	-	-	-	-	8,303,776
Judicial	1,522,734	-	-	-	263,260	1,785,994
Public safety	8,622,403	-	1,520,670	-	314,540	10,457,613
Public works	2,088,169	-	-	-	153,460	2,241,629
Health and welfare	1,472,748	-	-	-	-	1,472,748
Culture and recreation	706,431	-	-	-	15,902	722,333
Housing and development	265,068	-	-	-	-	265,068
Intergovernmental	-	-	-	730,583	-	730,583
Capital outlay	-	-	-	1,121,390	-	1,121,390
Debt service:						
Principal	-	4,505,000	73,074	-	-	4,578,074
Interest and fiscal charges	15,439	533,992	9,780	-	-	559,211
Total expenditures	<u>22,996,768</u>	<u>5,038,992</u>	<u>1,603,524</u>	<u>1,851,973</u>	<u>747,162</u>	<u>32,238,419</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,416,266</u>	<u>(4,987,569)</u>	<u>(1,003,308)</u>	<u>3,015,764</u>	<u>(137,331)</u>	<u>4,303,822</u>
Other financing sources (uses):						
Proceeds from sale of capital assets	130,078	-	-	-	-	130,078
Transfers in	-	4,530,859	1,123,457	-	80,108	5,734,424
Transfers out	(4,930,858)	-	-	(3,352,203)	-	(8,283,061)
Total other financing sources (uses)	<u>(4,800,780)</u>	<u>4,530,859</u>	<u>1,123,457</u>	<u>(3,352,203)</u>	<u>80,108</u>	<u>(2,418,559)</u>
Net change in fund balances	2,615,486	(456,710)	120,149	(336,439)	(57,223)	1,885,263
Fund balance (deficit), beginning of year	<u>14,497,349</u>	<u>6,681,781</u>	<u>143,675</u>	<u>(478,007)</u>	<u>421,500</u>	<u>21,266,298</u>
Fund balance (deficit), end of year	<u>\$ 17,112,835</u>	<u>\$ 6,225,071</u>	<u>\$ 263,824</u>	<u>\$ (814,446)</u>	<u>\$ 364,277</u>	<u>\$ 23,151,561</u>

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

MONROE COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

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

Net change in fund balances - total governmental funds	\$ 1,885,263
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,866,323)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(269,048)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	47,548
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.	4,774,168
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>(698,585)</u>
	<u>\$ 3,873,023</u>

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

MONROE COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	\$ 18,950,111	\$ 19,078,363	\$ 20,851,499	\$ 1,773,136
Sales taxes	2,986,213	3,660,268	3,660,269	1
Other taxes	1,671,170	1,890,053	1,890,059	6
Licenses and permits	60,149	51,398	51,399	1
Intergovernmental	909,444	1,364,371	1,331,449	(32,922)
Charges for services	2,055,874	1,506,057	1,506,063	6
Fines and forfeitures	788,295	962,989	964,439	1,450
Investment income	975	93	94	1
Contributions	-	750	750	-
Miscellaneous	105,574	129,570	157,013	27,443
Total revenues	27,527,805	28,643,912	30,413,034	1,769,122
Expenditures:				
Current:				
General government:				
County commissioners	1,523,282	1,534,128	1,034,571	499,557
Board of registrars	5	1,426	1,424	2
Elections	172,808	180,147	180,144	3
Financial administration	122,604	122,605	109,474	13,131
Purchasing	78,949	78,948	76,759	2,189
Fuel depot	32,099	822,673	822,669	4
Tax commissioner	303,326	302,651	302,644	7
Tax assessor	381,822	381,822	348,590	33,232
Board of equalization	8,746	8,745	1,427	7,318
Public buildings	703,112	703,112	613,087	90,025
Justice center	174,590	195,281	195,279	2
General insurance	5,531,598	5,531,598	4,617,708	913,890
Total general government	9,032,941	9,863,136	8,303,776	1,559,360
Judicial:				
Superior court	845,508	845,509	770,738	74,771
Clerk of superior court	345,099	345,099	332,323	12,776
Magistrate court	196,532	199,438	199,433	5
Probate court	216,291	218,318	218,284	34
Juvenile court	3,728	3,728	1,956	1,772
Total judicial	1,607,158	1,612,092	1,522,734	89,358
Public safety:				
Sheriff	3,742,917	3,764,030	3,727,518	36,512
Jail	2,054,824	2,088,275	2,087,268	1,007
School resource officer	141,930	121,420	105,156	16,264
Court security	172,465	188,268	188,266	2
Emergency services	2,370,469	2,370,470	2,320,990	49,480
Coroner	31,125	34,225	34,222	3
Animal control	129,949	131,892	131,886	6
Emergency management	29,708	29,708	27,097	2,611
Total public safety	8,673,387	8,728,288	8,622,403	105,885
Public works:				
Public roads	2,283,141	2,283,142	1,799,963	483,179
Maintenance and shop	306,359	303,482	288,206	15,276
Total public works	2,589,500	2,586,624	2,088,169	498,455

(Continued)

MONROE COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
Expenditures (continued):				
Current (continued):				
Health and welfare:				
Healthcare	\$ 1,372,481	\$ 1,372,481	\$ 1,371,981	\$ 500
Tick control	31,928	31,928	23,747	8,181
Welfare	25,792	25,792	25,792	-
Community services	71,640	71,491	51,228	20,263
Conference center	-	149	-	149
Total health and welfare	<u>1,501,841</u>	<u>1,501,841</u>	<u>1,472,748</u>	<u>29,093</u>
Culture and recreation:				
Recreation	486,720	486,056	485,944	112
Library	217,981	220,492	220,487	5
Total culture and recreation	<u>704,701</u>	<u>706,548</u>	<u>706,431</u>	<u>117</u>
Housing and development:				
Soil conservation	40,826	40,827	32,300	8,527
Extension service	388,117	388,117	112,935	275,182
Georgia forestry commission	18,952	18,952	18,218	734
Planning and zoning	36,769	42,416	42,413	3
Economic development	33,262	33,262	8,318	24,944
Family connection	49,653	50,886	50,884	2
Total housing and development	<u>567,579</u>	<u>574,460</u>	<u>265,068</u>	<u>309,392</u>
Debt service:				
Interest and fiscal charges	238,770	238,770	15,439	223,331
Total debt service	<u>238,770</u>	<u>238,770</u>	<u>15,439</u>	<u>223,331</u>
Total expenditures	<u>24,915,877</u>	<u>25,811,759</u>	<u>22,996,768</u>	<u>2,814,991</u>
Excess of revenues over expenditures	<u>2,611,928</u>	<u>2,832,153</u>	<u>7,416,266</u>	<u>4,584,113</u>
Other financing sources (uses):				
Transfers in	-	2,469	-	(2,469)
Transfers out	(2,957,015)	(2,964,700)	(4,930,858)	(1,966,158)
Proceeds from sale of assets	126,000	130,078	130,078	-
Total other financing uses, net	<u>(2,831,015)</u>	<u>(2,832,153)</u>	<u>(4,800,780)</u>	<u>(1,968,627)</u>
Net change in fund balance	(219,087)	-	2,615,486	2,615,486
Fund balance, beginning of year	<u>14,497,349</u>	<u>14,497,349</u>	<u>14,497,349</u>	<u>-</u>
Fund balance, end of year	<u>\$ 14,278,262</u>	<u>\$ 14,497,349</u>	<u>\$ 17,112,835</u>	<u>\$ 2,615,486</u>

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

MONROE COUNTY, GEORGIA

E-911 FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 667,549	\$ 667,549	\$ 460,715	\$ (206,834)
Intergovernmental	99,501	99,501	48,600	(50,901)
Interest	4	4	14	10
Other	-	-	90,887	90,887
Total revenues	<u>767,054</u>	<u>767,054</u>	<u>600,216</u>	<u>(166,838)</u>
EXPENDITURES				
Current:				
Public safety	1,313,308	1,556,708	1,520,669	36,039
Debt service:				
Principal	-	-	73,074	(73,074)
Interest	-	-	9,780	(9,780)
Total expenditures	<u>1,313,308</u>	<u>1,556,708</u>	<u>1,603,523</u>	<u>(46,815)</u>
Deficiency of revenues under expenditures	<u>(546,254)</u>	<u>(789,654)</u>	<u>(1,003,307)</u>	<u>(213,653)</u>
OTHER FINANCING SOURCES				
Transfers in	546,254	789,654	1,123,457	333,803
Total other financing sources	<u>546,254</u>	<u>789,654</u>	<u>1,123,457</u>	<u>333,803</u>
Net change in fund balances	-	-	120,150	120,150
FUND BALANCES, beginning of year	<u>143,674</u>	<u>143,674</u>	<u>143,674</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 143,674</u>	<u>\$ 143,674</u>	<u>\$ 263,824</u>	<u>\$ 120,150</u>

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

MONROE COUNTY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2018

	Water Fund	Landfill	Nonmajor Enterprise Funds	Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 126,406	\$ 756,051	\$ 145,954	\$ 1,028,411
Investments	151,994	-	-	151,994
Accounts receivable, net of allowances	175,749	41,380	-	217,129
Inventory	55,471	-	-	55,471
Due from other funds	-	-	10,492	10,492
Restricted assets:				
Cash and cash equivalents	120,439	-	-	120,439
Total current assets	<u>630,059</u>	<u>797,431</u>	<u>156,446</u>	<u>1,583,936</u>
NONCURRENT ASSETS				
Capital assets:				
Non-depreciable	413,941	195,766	23,037	632,744
Depreciable, net of accumulated depreciation	<u>34,441,228</u>	<u>1,033,420</u>	<u>891,737</u>	<u>36,366,385</u>
Total capital assets	<u>34,855,169</u>	<u>1,229,186</u>	<u>914,774</u>	<u>36,999,129</u>
Total noncurrent assets	<u>34,855,169</u>	<u>1,229,186</u>	<u>914,774</u>	<u>36,999,129</u>
Total assets	<u>35,485,228</u>	<u>2,026,617</u>	<u>1,071,220</u>	<u>38,583,065</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	<u>16,412</u>	<u>55,664</u>	<u>16,275</u>	<u>88,351</u>
Total deferred outflows of resources	<u>16,412</u>	<u>55,664</u>	<u>16,275</u>	<u>88,351</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	168,584	50,202	5,222	224,008
Accrued liabilities	1,587	32,776	8,180	42,543
Notes payable due within one year	51,814	-	-	51,814
Compensated absences payable, current	4,194	11,361	3,082	18,637
Due to other funds	-	-	157,321	157,321
Customer deposits payable	120,439	-	-	120,439
Total current liabilities	<u>346,618</u>	<u>94,339</u>	<u>173,805</u>	<u>614,762</u>
LONG-TERM LIABILITIES				
Compensated absences	-	75,356	10,050	85,406
Accrued closure/post-closure costs	-	1,342,149	-	1,342,149
Net pension liability	49,333	167,321	48,922	265,576
Notes payable, net of current portion	<u>1,068,627</u>	<u>-</u>	<u>-</u>	<u>1,068,627</u>
Total long-term liabilities	<u>1,117,960</u>	<u>1,584,826</u>	<u>58,972</u>	<u>2,761,758</u>
Total liabilities	<u>1,464,578</u>	<u>1,679,165</u>	<u>232,777</u>	<u>3,376,520</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	<u>14,187</u>	<u>48,116</u>	<u>14,068</u>	<u>76,371</u>
Total deferred inflows of resources	<u>14,187</u>	<u>48,116</u>	<u>14,068</u>	<u>76,371</u>
NET POSITION				
Net investment in capital assets	33,734,728	1,229,186	914,774	35,878,688
Unrestricted	288,147	(874,186)	(74,124)	(660,163)
Total net position	<u>\$ 34,022,875</u>	<u>\$ 355,000</u>	<u>\$ 840,650</u>	<u>\$ 35,218,525</u>

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

MONROE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Fund	Landfill	Nonmajor Enterprise Funds	Totals
Operating revenues:				
Charges for services:				
Water charges	\$ 1,380,895	\$ -	\$ -	\$ 1,380,895
Collection and disposal fees	-	517,487	-	517,487
Building licenses and permits	-	-	135,408	135,408
Rent	-	-	117,783	117,783
Service charges	136,904	-	-	136,904
Miscellaneous	8,867	-	892	9,759
Total operating revenues	<u>1,526,666</u>	<u>517,487</u>	<u>254,083</u>	<u>2,298,236</u>
Operating expenses:				
Personal services	12,576	773,058	185,562	971,196
Purchased/contracted services	511,568	466,595	35,570	1,013,733
Supplies and materials	96,393	135,251	27,627	259,271
Utilities and purchased water	1,185,840	-	25,757	1,211,597
Depreciation	777,403	282,932	19,443	1,079,778
Total operating expenses	<u>2,583,780</u>	<u>1,657,836</u>	<u>293,959</u>	<u>4,535,575</u>
Operating loss	<u>(1,057,114)</u>	<u>(1,140,349)</u>	<u>(39,876)</u>	<u>(2,237,339)</u>
Nonoperating revenues (expenses):				
Investment income	172	637	5	814
Interest expense	<u>(23,305)</u>	<u>-</u>	<u>-</u>	<u>(23,305)</u>
Total nonoperating revenues (expenses), net	<u>(23,133)</u>	<u>637</u>	<u>5</u>	<u>(22,491)</u>
Loss before transfers and capital contributions	<u>(1,080,247)</u>	<u>(1,139,712)</u>	<u>(39,871)</u>	<u>(2,259,830)</u>
Transfers in	<u>1,057,750</u>	<u>1,490,887</u>	<u>-</u>	<u>2,548,637</u>
Capital contributions	<u>270,010</u>	<u>-</u>	<u>25,291</u>	<u>295,301</u>
Change in net position	247,513	351,175	(14,580)	584,108
Net position, beginning of year	<u>33,775,362</u>	<u>3,825</u>	<u>855,230</u>	<u>34,634,417</u>
Net position, end of year	<u>\$ 34,022,875</u>	<u>\$ 355,000</u>	<u>\$ 840,650</u>	<u>\$ 35,218,525</u>

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

MONROE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Fund	Landfill	Nonmajor Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,514,594	\$ 497,967	\$ 254,083	\$ 2,266,644
Payments to suppliers and service providers	(1,842,690)	(499,631)	(87,242)	(2,429,563)
Payments to employees	(8,469)	(750,654)	(179,874)	(938,997)
Receipts from interfund services provided	(606,608)	(269,298)	107,648	(768,258)
Net cash provided by (used in) operating activities	(943,173)	(1,021,616)	94,615	(1,870,174)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	1,057,750	1,490,887	-	2,548,637
Net cash provided by noncapital financing activities	1,057,750	1,490,887	-	2,548,637
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sales of capital assets	18,513	-	-	18,513
Interest paid	(23,305)	-	-	(23,305)
Net cash used in capital and related financing activities	(4,792)	-	-	(4,792)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	(172)	-	-	(172)
Principal payments on notes payable	(50,773)	-	-	(50,773)
Interest on investments	172	637	5	814
Net cash provided by (used in) investing activities	(50,773)	637	5	(50,131)
Net increase in cash and cash equivalents	59,012	469,908	94,620	623,540
Cash and cash equivalents:				
Beginning of year	187,833	286,143	51,334	525,310
End of year	<u>\$ 246,845</u>	<u>\$ 756,051</u>	<u>\$ 145,954</u>	<u>\$ 1,148,850</u>
Classified as:				
Cash and cash equivalents	\$ 126,406	\$ 756,051	\$ 145,954	\$ 1,028,411
Restricted assets, cash and cash equivalents	120,439	-	-	120,439
	<u>\$ 246,845</u>	<u>\$ 756,051</u>	<u>\$ 145,954</u>	<u>\$ 1,148,850</u>

(Continued)

MONROE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Water Fund	Landfill	Nonmajor Enterprise Funds	Totals
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (1,057,114)	\$ (1,140,349)	\$ (39,876)	\$ (2,237,339)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	777,403	282,932	19,443	1,079,778
(Increase) decrease in:				
Accounts receivable	(7,855)	(19,520)	-	(27,375)
Inventory	428	-	-	428
Due from other funds	-	-	(10,492)	(10,492)
Due from other governments	-	-	19,838	19,838
Deferred outflows of resources - pension	20,004	67,847	-	87,851
Increase (decrease) in:				
Accounts payable	(49,317)	10,385	1,712	(37,220)
Accrued liabilities	(235)	1,124	(526)	363
Compensated absences	406	7,933	2,311	10,650
Due to other funds	(606,608)	(269,298)	118,140	(757,766)
Accrued closure/post-closure costs	-	91,830	-	91,830
Customer deposits payable	(4,217)	-	-	(4,217)
Net pension liability	(30,255)	(102,616)	(30,003)	(162,874)
Deferred inflows of resources - pension	14,187	48,116	14,068	76,371
Net cash provided by (used in) operating activities	<u>\$ (943,173)</u>	<u>\$ (1,021,616)</u>	<u>\$ 94,615</u>	<u>\$ (1,870,174)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Capital assets purchased by other funds	<u>\$ 270,010</u>	<u>\$ -</u>	<u>\$ 25,291</u>	<u>\$ 295,301</u>
Total noncash investing, capital and financing activities	<u>\$ 270,010</u>	<u>\$ -</u>	<u>\$ 25,291</u>	<u>\$ 295,301</u>

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

MONROE COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2018

	Private Purpose Trust Fund Veterans' Memorial	Agency Funds
ASSETS		
Cash	\$ 3,114	\$ 12,330,330
Taxes receivable	-	1,000,468
Due from others	-	381
Total assets	<u>\$ 3,114</u>	<u>\$ 13,331,179</u>
LIABILITIES		
Due to others	\$ -	\$ 12,330,711
Uncollected taxes	-	1,000,468
Total liabilities	<u>-</u>	<u>\$ 13,331,179</u>
NET POSITION		
Restricted for veterans' memorial	<u>\$ 3,114</u>	

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

MONROE COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Private Purpose Trust Fund Veterans' Memorial
ADDITIONS	
Contributions	\$ 75
Interest income	21
Total additions	<u>96</u>
DEDUCTIONS	
Veterans' memorial	<u>1,535</u>
Total deductions	<u>1,535</u>
Change in net position	(1,439)
Net position, beginning of the year	<u>4,553</u>
Net position, end of the year	<u><u>\$ 3,114</u></u>

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

MONROE COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

Monroe County was established under the provisions of an act of the General Assembly of Georgia on May 15, 1821. The County operates under a County Commissioner form of government (five commissioners are elected by district with the Chairman elected at large from the county), and provides the following services as authorized by state law: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Monroe County, Georgia (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 or financial relationship with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements 14 and 34*, the financial statements of the component units are discretely presented in the government-wide financial statements.

Monroe County Health Department

The Monroe County Health Department (the “Health Department”) has a governing board consisting of seven members. Five of the members are either County officials or members appointed by the County. The two remaining members are appointed by the City of Forsyth. Although the County does not have the authority to approve or modify the budget of the Health Department, the County is obligated to provide financial support to the Health Department. The Health Department has a June 30th year-end. The Health Department's statements have been prepared separately and can be obtained by writing to the Monroe County Health Department, 106 Martin Luther King Drive, Forsyth, Georgia 31029.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Development Authority of Monroe County, Georgia

The governing board of the Development Authority of Monroe County, Georgia (the “Development Authority”) consists of seven members appointed by the Monroe County Board of Commissioners. The Development Authority is responsible for promoting industrial and commercial development within Monroe County. Although the County does not have the authority to approve or modify the budget of the Development Authority, County management believes the Authority should be included in the financial statements due to its close relation and financial integration with the County. There are no separately issued financial statements available for the Development Authority.

Monroe County Public Facilities Authority (Blended Component Unit.)

The Monroe County Public Facilities Authority (the “Public Facilities Authority”) is governed by the members of the County’s Board of Commissioners. Although it is legally separate from the County, the Public Facilities Authority is reported as if it were part of the primary government because its sole purpose is to finance and purchase the County’s land and public buildings through debt arrangements. Because capital lease arrangements between a primary government and its blended component unit are not to be reported as capital leases in the financial reporting entity’s financial statements, the debt and assets of the Public Facilities Authority are reported as a form of the County’s debt and assets. All debt service activity of the Public Facilities Authority will be reported as debt service activity of the County. There are no separately issued financial statements available for the Public Facilities Authority.

Monroe County Law Library (Blended Component Unit.)

The Monroe County Law Library, an entity separate from the County, is governed by a Board of Trustees. For financial reporting purposes, the Law Library is reported as if it were part of the County’s operations, because it functions primarily for the courts of the County. The Law Library does not issue separate financial statements. All property purchased with funds expended by the Law Library becomes the property of the County.

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. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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 proprietary fund and the fiduciary fund financial statements, which have no measurement focus. 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.

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 County 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, sales 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 **Public Facilities Authority** is a blended component unit. It accounts for the finance and purchase of County land and public buildings.

The **E-911 Fund** is a special revenue fund used to account for the cost of operating and maintaining the Monroe County E-911 System. Financing is provided by a charge to each telephone subscriber served by the Monroe County E-911 system and by a transfer from the General Fund.

The **2014 SPLOST Fund** is a capital projects fund that accounts for revenues received on behalf of the County, the City of Forsyth and the City of Culloden. Financing is provided by a special County 1% sales and use tax.

The County reports the following major proprietary funds:

The **Water Fund** accounts for the provision of water services to the residents of the County.

The **Landfill Fund** accounts for the costs of providing solid waste management services to residents of the County through the operation of the Monroe County Landfill, sanitation services and collection centers.

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 **agency funds** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, support payments and ad valorem and property taxes.

The **private purpose trust fund** is used to account for resources legally held in trust for use by private organizations or other governments. All resources of the fund, including any interest on invested resources, may be used to support the activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's water and sewer function and the other functions of the government. Elimination of these charges would distort the direct costs reported for the various functions concerned.

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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Cash, Cash Equivalents, and Investments

The County and discretely presented component units' 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.

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, and Georgia Fund 1, the Local Government Investment Pool. The investment in Georgia Fund 1 represents the County's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in Georgia Fund 1 is valued at fair market 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.” Short-term interfund loans are classified as “interfund receivables/payables.” Long-term interfund loans are classified as “advances.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

G. 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. Prepaid expenditures are accounted for using the consumption method.

H. Restricted Assets

Certain proceeds of the Public Facilities Authority and enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County had four items that qualified for reporting in this category. The first two, which relate to the County’s defined benefit pension plan, are the difference between expected and actual experience and changes in actuarial assumptions. These differences represent consumptions of resources which are amortized against pension expense. Changes in actuarial assumptions for the County’s OPEB plan, as well as the net difference between expected and actual experience are also deferred outflows, which are amortized against OPEB expense over the remaining service lives of plan members. Contributions made subsequent to the measurement date are deferred and recognized as OPEB expense in future years.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three items that qualified for reporting in this category. *Unavailable revenue*, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item unavailable revenue, is reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues from property taxes and emergency services and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other items relate to the County's defined benefit pension plan and are reported in the government-wide Statement of Net Position. The County's difference between projected investment return on pension investments and actual return on those investments, as well as the net difference between expected and actual experience represent consumptions of resources and are amortized against pension expense, resulting in recognition as a deferred inflow of resources.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column 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 value. The County has retroactively reported major general infrastructure assets.

In this case, the County chose to include all items regardless of their acquisition date. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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>
Buildings	25 – 50
Building Improvements	5 – 50
Land Improvements	15 – 30
Land (landfill)	4 – 6
Infrastructure	50 – 60
Intangibles	10
Machinery and Equipment	5 – 20

K. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amount when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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 the face amount of the debt issued is reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity

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

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash), or b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **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 County Commission has not delegated the authority to management to assign fund balance and thus has retained the right to assign fund balance.
- **Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The County reports positive unassigned fund balances 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

O. Pensions

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 Monroe 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.

P. Tax Abatement Agreements

As of December 31, 2018, the County did not have any such agreements, either entered into by the County or by other governments that exceeded the quantitative threshold for disclosure.

NOTES TO FINANCIAL STATEMENTS

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	\$ (233,506)
Compensated absences	(757,309)
Bonds payable	(12,483,421)
Accrued interest payable	<u>(39,232)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (13,513,468)</u>

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

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 1,473,609
Depreciation expense	<u>(3,339,932)</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>\$ (1,866,323)</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 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. 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.” The details of this difference are as follows:

Bond principal repayments	\$ 4,505,000
Capital lease repayments	73,074
Amortization of premium	<u>196,094</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>\$ 4,774,168</u></u>

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:

Change in:	
Compensated absences	\$ (192,974)
Accrued interest	15,012
Net pension liability and related deferred outflow/inflow of resources	(306,745)
Net OPEB obligation	<u>(213,878)</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>\$ (698,585)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgetary Data. The annual budget document is the financial plan for the operation of the County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the County. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). An annual operating budget is prepared for all governmental funds except capital project funds. Capital Projects Funds use project-length budgets.

Department heads submit to the County Clerk a proposed operating budget for the fiscal year commencing the following January 1. The proposed budgets are then submitted to the Board of Commissioners by the County Clerk for study. Public hearings are conducted to obtain taxpayer comments. Prior to January 1, the budget is legally adopted by the Board of Commissioners.

The legal level of control for each legally adopted annual budget is the department level. Supplemental appropriations out of the County's General Fund contingency account may be made by the Board of Commissioners to fund unforeseen expenditures within the County's governmental funds at any time during the year. The Board of Commissioners must approve any department level changes to a previously adopted budget. Management may amend the budget without seeking the approval of the Board of Commissioners at any level below the departmental level.

All final budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budget during the year. The supplementary budgetary appropriations made were not material. All unexpended appropriations provided in the annual budget lapse at year-end.

Excess of Expenditures Over Appropriations

For the year ended December 31, 2018, the E-911 Fund's expenditures exceeded appropriations for debt service payments of \$82,854.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

Deficit Fund Equity

For the year ended December 31, 2018, the following funds had a deficit fund balance or deficit net position:

	<u>Fund Deficit</u>
Special Revenue Funds:	
Federal Forfeited Funds	\$ 1,816
EMA Grant	7,340
Capital Projects Funds:	
2014 SPLOST Fund	\$ 814,446

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2018, are summarized as follows:

Balances per Statement of Net Position:

Cash and cash equivalents - Primary Government	\$ 16,888,869
Cash and cash equivalents - Development Authority	2,343,784
Cash and cash equivalents - Health Department	319,931
Investments - Primary Government	221,424
Investments - Health Department	102,600
Restricted assets:	
Primary Government - cash and cash equivalents	6,202,787

Balances per Statement of Fiduciary Net Position:

Cash - Agency funds	12,330,330
Cash - Private purpose trust funds	3,114
	<u>\$ 38,412,839</u>

Balances by type:

Cash deposited with financial institutions	\$ 38,191,415
Certificates of deposit	69,238
Georgia Fund 1	152,186
	<u>\$ 38,412,839</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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 December 31, 2018, the County's investments in the Georgia Fund 1 were rated AAAs by Standard & Poor's.

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.

At December 31, 2018, the County's investments, categorized by credit risk and interest rate risk, were as follows:

Investment Type	Maturities	Fair Value
Certificates of deposit	14 months weighted-average	\$ 69,238
Georgia Fund 1	21-day weighted-average	152,186
		<u>\$ 221,424</u>

Investments of the component units include an investment in Georgia Fund 1 in the amount of \$102,600 that is not included in the above schedule.

Fair Value Measurements. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

The County has the following recurring fair value measurements as of December 31, 2018:

<u>Investment Type</u>	<u>Fair Value</u>
Investments not subject to level disclosure:	
Certificates of deposit	\$ 69,238
Georgia Fund 1	152,186
Total investments	<u>\$ 221,424</u>

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. Investments classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the County does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy.

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 December 31, 2018, all of the deposits of the County and the component units were properly insured and collateralized as required by the Official Code of Georgia Annotated (O.C.G.A.) § 45-8-12(c).

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all 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. The County does not have a formal custodial credit risk policy other than to only invest in obligations authorized by the State of Georgia.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables at December 31, 2018, consist of the following:

	General Fund	Public Facilities Authority	E-911 Fund	2014 SPLOST Fund	Water Fund	Landfill Fund	Nonmajor Governmental Funds	Total
Receivables:								
Taxes	\$ 1,659,413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,659,413
Accounts	2,936,096	-	132,680	-	372,749	43,676	17,774	3,502,975
Interest	-	-	-	-	-	-	86	86
Due from other governments	446,336	244,127	-	379,863	-	-	85,711	1,156,037
Gross receivables	5,041,845	244,127	132,680	379,863	372,749	43,676	103,571	6,318,511
Less allowance	(2,669,319)	-	-	-	(197,000)	(2,296)	-	(2,868,615)
Net receivables	<u>\$ 2,372,526</u>	<u>\$ 244,127</u>	<u>\$ 132,680</u>	<u>\$ 379,863</u>	<u>\$ 175,749</u>	<u>\$ 41,380</u>	<u>\$ 103,571</u>	<u>\$ 3,449,896</u>

Property taxes were levied on September 20, 2018. Bills are payable on or before December 20, 2018, after which the applicable property is subject to lien and penalties and interest are assessed. 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 December 31, 2018, and collected by February 28, 2019, are recognized as revenues in the year ended December 31, 2018. Net receivables estimated to be collected subsequent to February 28, 2019, are deferred as of December 31, 2018, and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

Property taxes attached as an enforceable lien on property as of December 21, 2018.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the fiscal year ended December 31, 2018, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,139,088	\$ 42,955	\$ -	\$ -	\$ 1,182,043
Construction in progress	707,457	917,369	(7,961)	(295,300)	1,321,565
Total	<u>1,846,545</u>	<u>960,324</u>	<u>(7,961)</u>	<u>(295,300)</u>	<u>2,503,608</u>
Capital assets, being depreciated:					
Buildings	16,378,524	-	-	-	16,378,524
Building improvements	1,541,937	6,150	-	-	1,548,087
Land improvements	2,388,673	59,933	-	-	2,448,606
Infrastructure	100,874,644	-	-	-	100,874,644
Intangibles	92,012	-	-	-	92,012
Machinery and equipment	17,454,862	742,502	(261,087)	-	17,936,277
Total	<u>138,730,652</u>	<u>808,585</u>	<u>(261,087)</u>	<u>-</u>	<u>139,278,150</u>
Less accumulated depreciation for:					
Buildings	4,674,063	325,910	-	-	4,999,973
Building improvements	260,409	40,244	-	-	300,653
Land improvements	1,910,717	34,686	-	-	1,945,403
Infrastructure	51,536,630	2,020,507	-	-	53,557,137
Intangibles	62,326	9,201	-	-	71,527
Machinery and equipment	11,337,723	909,384	-	-	12,247,107
Total	<u>69,781,868</u>	<u>3,339,932</u>	<u>-</u>	<u>-</u>	<u>73,121,800</u>
Total capital assets, being depreciated, net	<u>68,948,784</u>	<u>(2,531,347)</u>	<u>(261,087)</u>	<u>-</u>	<u>66,156,350</u>
Governmental activities capital assets, net	<u>\$ 70,795,329</u>	<u>\$ (1,571,023)</u>	<u>\$ (269,048)</u>	<u>\$ (295,300)</u>	<u>\$ 68,659,958</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 362,734	\$ -	\$ -	\$ -	\$ 362,734
Construction in progress	12,901	-	(12,900)	270,009	270,010
Total	<u>375,635</u>	<u>-</u>	<u>(12,900)</u>	<u>270,009</u>	<u>632,744</u>
Capital assets, being depreciated:					
Land (landfill)	4,496,440	-	-	-	4,496,440
Buildings	1,776,891	-	-	25,291	1,802,182
Improvements	1,121,479	-	-	-	1,121,479
Infrastructure	42,597,757	-	(5,612)	-	42,592,145
Machinery and equipment	3,307,779	-	-	-	3,307,779
Total	<u>53,300,346</u>	<u>-</u>	<u>(5,612)</u>	<u>25,291</u>	<u>53,320,025</u>
Less accumulated depreciation for:					
Land (landfill)	3,984,841	106,878	-	-	4,091,719
Buildings	224,613	38,317	-	-	262,930
Improvements	910,587	49,262	-	-	959,849
Infrastructure	8,430,236	748,259	-	-	9,178,495
Machinery and equipment	2,323,585	137,062	-	-	2,460,647
Total	<u>15,873,862</u>	<u>1,079,778</u>	<u>-</u>	<u>-</u>	<u>16,953,640</u>
Total capital assets, being depreciated, net	<u>37,426,484</u>	<u>(1,079,778)</u>	<u>(5,612)</u>	<u>25,291</u>	<u>36,366,385</u>
Business-type activities capital assets, net	<u>\$ 37,802,119</u>	<u>\$ (1,079,778)</u>	<u>\$ (18,512)</u>	<u>\$ 295,300</u>	<u>\$ 36,999,129</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:

General government	\$ 175,366
Judicial	9,078
Public safety	865,138
Public works	2,198,137
Health and welfare	12,694
Culture and recreation	79,519
Total depreciation expense - governmental activities	<u>\$ 3,339,932</u>

Business-type activities:

Water Fund	\$ 778,678
Landfill	281,657
Conference Center	19,443
Total depreciation expense - business-type activities	<u>\$ 1,079,778</u>

B. Discretely Presented Component Unit – Development Authority

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 1,923,949	\$ -	\$ -	\$ -	\$ 1,923,949
Total	<u>1,923,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,923,949</u>
Capital assets, being depreciated:					
Improvements	774,742	-	-	-	774,742
Total	<u>774,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>774,742</u>
Less accumulated depreciation for:					
Improvements	112,167	38,737	-	-	150,904
Total	<u>112,167</u>	<u>38,737</u>	<u>-</u>	<u>-</u>	<u>150,904</u>
Total capital assets, being depreciated, net	<u>662,575</u>	<u>(38,737)</u>	<u>-</u>	<u>-</u>	<u>623,838</u>
Development Authority capital assets, net	<u>\$ 2,586,524</u>	<u>\$ (38,737)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,547,787</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. SHORT-TERM DEBT

On September 4, 2018, the Board of Commissioners approved a resolution authorizing a tax anticipation note for the borrowing of \$2,500,000 at an interest rate of 1.985%. This note was repaid in December 2018.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Tax Anticipation Note	\$ -	\$ 2,500,000	\$ (2,500,000)	\$ -

NOTE 8. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the primary government for the year ended December 31, 2018:

	<u>(As Restated) Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 17,290,000	\$ -	\$ (5,095,000)	\$ 12,195,000	\$ 4,660,000
Plus unamortized premium	484,515	-	(196,094)	288,421	-
General obligation bonds, net	<u>17,774,515</u>	<u>-</u>	<u>(5,291,094)</u>	<u>12,483,421</u>	<u>4,660,000</u>
Capital leases	306,580	-	(73,074)	233,506	75,405
Compensated absences	564,335	634,352	(441,378)	757,309	425,999
Net pension liability	6,203,920	2,527,736	(4,886,159)	3,845,497	-
Total OPEB liability	<u>2,444,801</u>	<u>355,811</u>	<u>(89,021)</u>	<u>2,711,591</u>	<u>-</u>
Governmental activities Long-term liabilities	<u>\$ 27,294,151</u>	<u>\$ 3,517,899</u>	<u>\$ (10,780,726)</u>	<u>\$ 20,031,324</u>	<u>\$ 5,161,404</u>
Business-type activities:					
Notes payable	\$ 1,171,214	\$ -	\$ (50,773)	\$ 1,120,441	\$ 51,814
Landfill closure and post-closure costs	1,250,319	91,830	-	1,342,149	-
Compensated absences	93,393	74,137	(63,487)	104,043	18,637
Net pension liability	<u>428,450</u>	<u>174,571</u>	<u>(337,445)</u>	<u>265,576</u>	<u>-</u>
Business-type activities Long-term liabilities	<u>\$ 2,943,376</u>	<u>\$ 340,538</u>	<u>\$ (451,705)</u>	<u>\$ 2,832,209</u>	<u>\$ 70,451</u>

For governmental activities, the net pension liability, total OPEB liability, compensated absences and claims and judgments are generally liquidated by the General Fund.

For business type activities, compensated absences are generally liquidated by the Water, Landfill, Building Inspection, and Conference Center Funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds. During the year ended December 31, 2010, the Public Facilities Authority issued bonds in the amount of \$6,245,000. The bonds bear interest of 2.0 to 3.0% with final maturity in 2020. Proceeds of the bonds were used for the purpose of financing: 1) improvements and extensions to the County's water system, 2) improvements and equipping of the public safety facilities in the County, 3) the acquisition, construction, renovation, and equipping of a County administrative building, and 4) the acquisition, construction, renovation, additions, or equipping of the existing hospital facilities and land adjacent to the County's hospital. The outstanding balance of the 2010 Series general obligation bonds as of December 31, 2018, was \$475,000.

During the year ended December 31, 2012, the Public Facilities Authority issued Revenue Bonds, Series 2012A in the amount of \$12,650,000. The bonds bear interest of 3.0 to 4.0% with final maturity in 2019. Proceeds of the bonds will be used for the purpose of financing: 1) improvements and extensions to the County's water system, 2) improving and equipping the County's recreation facilities, 3) upgrading the County's emergency 911 radio system, 4) improving and equipping the County's library, 5) purchasing heavy equipment for the County's road department, and 6) improving and extending the water facilities of the City of Forsyth and the City of Culloden. The outstanding balance of the 2012 Series A general obligation bonds as of December 31, 2018, was \$2,725,000.

During the year ended December 31, 2012, the Public Facilities Authority also issued Revenue Refunding Bonds, Series 2012B in the amount of \$9,985,000. The bonds bear interest of 2.0 to 4.0% with final maturity in 2026. Proceeds of the bonds will be used for the purpose of refunding all of the outstanding Development Authority of Monroe County Revenue Refunding and Improvement Bonds (Water and Sewerage Project), Series 2003A. The outstanding balance of the 2012 Series B general obligation bonds as of December 31, 2018, was \$7,995,000.

During the year ended December 31, 2014, the Public Facilities Authority issued Revenue Bonds, Series 2014A in the amount of \$2,565,000. The bonds bear interest of 1.71% with final maturity in 2019. Proceeds of the bonds will be used for the purpose of financing or refinancing: 1) the acquisition, construction, furnishing, and equipping of an emergency medical services headquarters, including the acquisition of real property, 2) the acquisition, construction, and improvement of certain recreational facilities located in the County, including the acquisition of real property, and 3) paying all or a portion of the costs of issuance. The outstanding balance of the 2014 Series A revenue bonds as of December 31, 2018, was \$1,000,000.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds (Continued)

The 2010 series bonds are limited obligations of the Public Facilities Authority, payable solely from payments to be made by the County and the Hospital Authority pursuant to an intergovernmental contract between the Public Facilities Authority, the County and the Hospital Authority. The 2012 series bonds are limited obligations of the Public Facilities Authority, payable solely from payments to be made by the County pursuant to an intergovernmental contract between the Public Facilities Authority and the County. The County's obligation under the contracts to make payments to the Public Facilities Authority at times and in amounts sufficient to enable the Public Facilities Authority to pay the principal of and interest on the bonds is absolute and unconditional, is secured by a pledge of the County's full faith and credit and taxing powers and will not expire so long as any of the bonds remain outstanding and unpaid. These bonds are therefore reflected as general obligation bonds of the County within these financial statements. The County intends to make its payments under the contract from its portion of the revenues generated by a 1% special purpose local option sales and use tax (the "SPLOST"); however, the County's portion of the revenues from the SPLOST are not pledged to such payments or to secure the payment of the bonds.

The 2014 series bonds are limited obligations of the Public Facilities Authority, payable solely from payments to be made by the County pursuant to an intergovernmental contract between the Public Facilities Authority and the County. The County's obligation under the contracts to make payments to the Public Facilities Authority at times and in amounts sufficient to enable the Public Facilities Authority to pay the principal of and interest on the bonds is absolute and unconditional, is secured by a pledge of the County's full faith and credit and taxing powers and will not expire so long as any of the bonds remain outstanding and unpaid. These bonds are, therefore, reflected as general obligation bonds of the County within these financial statements.

General obligation bonds debt service requirements to maturity are as follows at December 31, 2018:

Year ending December 31,	Principal	Interest	Total
2019	\$ 4,660,000	367,290	\$ 5,027,290
2020	960,000	213,065	1,173,065
2021	750,000	188,115	938,115
2022	765,000	165,615	930,615
2023	795,000	138,840	933,840
2024 – 2028	4,265,000	374,745	4,639,745
	<u>\$ 12,195,000</u>	<u>\$ 1,447,670</u>	<u>\$ 13,642,670</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Capital Leases: During the current year, the County entered into a lease agreement as lessee for financing the acquisition of various equipment. The lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease term) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of inception.

The cost of assets under capital leases as of December 31, 2018:

	Governmental Activities
Equipment	\$ 389,440
Less accumulated depreciation	(40,567)
Carrying value	<u>\$ 348,873</u>

Current year depreciation expense of assets under capital lease was \$19,472.

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

Fiscal Year Ending December 31,

2019	\$ 82,853
2020	82,853
2021	<u>82,854</u>
Total minimum lease payments	248,560
Less amount representing interest	(15,054)
Present value of future minimum lease payments	<u>\$ 233,506</u>

Notes Payable: The Water Fund incurred debt of \$1,216,860 to the Georgia Environmental Finance Authority for the extension of water mains and all related appurtenances during current and prior years. Beginning in February 2017, payments are due in monthly installments of \$6,173, including interest at 2.03% through January 2037. The outstanding balance at December 31, 2018, is \$1,120,441.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Notes Payable (Continued)

Debt service requirements to maturity on the Water Fund note payable is as follows:

Year ending December 31,	Principal	Interest	Total
2019	\$ 51,814	\$ 22,265	\$ 74,078
2020	52,875	21,203	74,078
2021	53,959	20,120	74,078
2022	55,064	19,014	74,078
2023	56,193	17,886	74,078
2024 – 2028	298,713	71,678	370,391
2029 – 2033	330,596	39,795	370,391
2034 – 2037	221,228	7,183	228,410
	<u>\$ 1,120,441</u>	<u>\$ 219,143</u>	<u>\$ 1,339,585</u>

Landfill Closure and Post-closure Costs. State and federal laws and regulations require the County to place a final cover on its Strickland Loop Road Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste (2058), the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The amount reported as landfill closure and post-closure care liability of \$1,342,149 at December 31, 2018, represents the cumulative amount reported to date based on the use of 28% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$3,387,050 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 1993, adjusted annually for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during the closure and post-closure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

B. Discretely Presented Component Unit – Development Authority

Conduit Debt Obligations. From time to time, the Development Authority issues revenue bonds to provide financial assistance to private-sector entities or other third parties for the acquisition and construction of industrial and commercial facilities. The bonds are secured by the property financed and are payable solely from payments received on the underlying loans and agreements. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The Development Authority is not obligated in any manner for repayment of the bonds as discussed above. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The original issuance amounts of bonds issued by the Development Authority as of December 31, 2018, for conduit debt are summarized below. The ending outstanding principal balances as of December 31, 2018, were not available.

For the Benefit of	Issuance Date	Original Principal
Oglethorpe Power Corporation	October 24, 2006	\$ 9,020,000
Georgia Power Company	December 13, 2006	28,065,000
Industrial Developments International, L.P.	January 23, 2008	11,500,000
Georgia Power Company	October 25, 2008	83,515,000
Georgia Power Company	July 14, 2009	40,000,000
Georgia Power Company	September 17, 2009	89,200,000
Oglethorpe Power Corporation	December 10, 2009	10,940,000
Oglethorpe Power Corporation	December 10, 2009	93,630,000
Oglethorpe Power Corporation	March 30, 2010	43,445,000
Gulf Power Company	May 28, 2010	21,000,000
Oglethorpe Power Corporation	March 31, 2011	47,610,000
Oglethorpe Power Corporation	April 2, 2012	10,055,000
Georgia Power Company	May 21, 2012	48,720,000
Georgia Power Company	March 21, 2013	17,500,000
Oglethorpe Power Corporation	April 17, 2013	57,665,000
Encore	August 1, 2017	18,000,000
Royal Seven Corporation	September 27, 2017	200,000
Florida Power & Light Company	November 3, 2017	60,000,000
Oglethorpe Power Corporation	October 12, 2017	23,520,000
		<u>\$ 713,585,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2018, is as follows:

Due to/from other funds:

Payable Funds	Receivable Funds		Total
	General Fund	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 10,492	\$ 10,492
Public Facilities Authority Fund	95,404	-	95,404
2014 SPLOST Fund	1,669,758	-	1,669,758
Nonmajor Governmental Funds	521,964	-	521,964
Nonmajor Enterprise Fund	157,321	-	157,321
Total	<u>\$ 2,444,447</u>	<u>\$ 10,492</u>	<u>\$ 2,454,939</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.

Interfund transfers:

Transfers In	Transfers Out		Total
	General Fund	2014 SPLOST Fund	
Public Facilities Authority	\$ 1,178,656	\$ 3,352,203	\$ 4,530,859
E-911 Fund	1,123,457	-	1,123,457
Water Fund	1,057,750	-	1,057,750
Landfill Fund	1,490,887	-	1,490,887
Nonmajor Governmental Funds	80,108	-	80,108
Total	<u>\$ 4,930,858</u>	<u>\$ 3,352,203</u>	<u>\$ 8,283,061</u>

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. JOINT VENTURE

Under Georgia law, the County is a participating member of the Middle Georgia Regional Commission ("RC") and is required to pay annual dues thereto. During its year ended December 31, 2018, the County paid \$29,823 in such dues. Membership in an RC is required by the O.C.G.A. § 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. § 50-8-39.1 provides that the member governments are liable for any debts and obligations of an RC. Separate financial statements may be obtained from: Middle Georgia Regional Commission, 175 C Emery Highway, Macon, Georgia 31217.

NOTE 11. DEFINED BENEFIT PENSION PLAN

Primary Government

Plan Description

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, the Monroe County Defined Benefit Plan (the "Plan"), covering the majority of 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. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at www.gebcorp.com or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

Plan Membership

As of January 1, 2017, pension plan membership consisted of the following:

Retirees, beneficiaries and disables receiving benefits	89
Terminated plan participants entitled to but not receiving benefits	127
Active employees participating in the Plan	<u>169</u>
Total number of Plan participants	<u>385</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of ACCG 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 Board of Commissioners, 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. The County is required to contribute the actuarially determined rate. For the year ended December 31, 2018, the County's contribution rate was 16.72% of annual payroll. County contributions to the Plan were \$1,167,800 for the year ended December 31, 2018.

Net Pension Liability of the County

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

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

Inflation	3.00%
Salary increases	2.50% - 5.00%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study through December 31, 2015.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

Net Pension Liability of the County (Continued)

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Fixed income	30%	6.08%
Large Cap equity	30%	9.07%
International equity	15%	5.01%
Other equity	20%	8.62%
Real estate	5%	10.62%
	<u>100%</u>	

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

Net Pension Liability of the County (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, 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.

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 December 31, 2018 (measurement date of December 31, 2017), were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2017	\$ 28,223,798	\$ 21,591,428	\$ 6,632,370
Changes for the year:			
Service cost	390,140	-	390,140
Interest	2,006,388	-	2,006,388
Differences between expected and actual experience	(717,238)	-	(717,238)
Assumption changes	54,599	-	54,599
Contributions - employer	-	1,167,800	(1,167,800)
Net investment income	-	3,338,566	(3,338,566)
Benefit payments, including refunds of employee contributions	(1,098,959)	(1,098,959)	-
Administrative expenses	-	(36,561)	36,561
Other changes	-	(214,619)	214,619
Net changes	634,930	3,156,227	(2,521,297)
Balances at December 31, 2018	\$ 28,858,728	\$ 24,747,655	\$ 4,111,073

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

Net Pension Liability of the County (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1.00% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1.00% Increase (8.25%)</u>
County's net pension liability	\$ 7,758,812	\$ 4,111,073	\$ 1,069,467

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 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 the December 31, 2017 measurement date, and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2018, the County recognized pension expense of \$1,495,729. At December 31, 2018, the County reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 644,292
Differences between expected and actual experience	602,501	537,928
Changes in actuarial assumptions	765,170	-
Total	<u>\$ 1,367,671</u>	<u>\$ 1,182,220</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Year ending December 31:	
2019	\$ 475,081
2020	400,490
2021	(347,818)
2022	(342,302)
Total	<u>\$ 185,451</u>

NOTE 12. OTHER POST-EMPLOYMENT BENEFIT PLAN

Primary Government

Plan Administration and Benefits

The County provides post-retirement health care benefits, as per the requirements of a resolution, for certain retirees. The provisions and obligations to contribute are established and may be amended by the Monroe County Board of Commissioners. There is no separate, audited GAAP-basis post-employment benefit plan report available for the County's OPEB Plan.

The only requirement is the employee must retire from the County with 20 years of service and at least age 55. The benefits are offered until the retiree turns 65 and is eligible for Medicare. The County pays 75% of the Retiree Tier and 50% of the Family Tier, and the employee must pay the remaining percentage. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Primary Government (Continued)

Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Plan as of the latest actuarial valuation at January 1, 2018:

Inactive plan members or beneficiaries currently receiving benefits	5
Active plan members	<u>235</u>
	<u>240</u>

Contributions

The Monroe County Board of Commissioners has elected to fund the OPEB plan on a “pay as you go” basis. The County contributed \$34,371 to the OPEB Plan in fiscal year December 31, 2018. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Board of Commissioners.

Total OPEB Liability of the County

Effective January 1, 2018, the County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, which significantly changed the County’s accounting for OPEB amounts. The information disclosed below is presented in accordance with this new standard.

The County’s total OPEB liability was measured as of January 1, 2018, and was determined by an actuarial valuation as of January 1, 2018.

Actuarial assumptions. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate:	2.50%
Salary Increases:	2.50% to 5.00%
Discount Rate:	3.44%
Healthcare Cost Trend Rate:	7.25% graded by 0.25% per year to an ultimate rate of 4.75% by 2028
Participation Rate:	75.00% for members and 20% for spouse coverage

Mortality rates were based on the RP-2000 Mortality Table projected with scale AA to 2018.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Primary Government (Continued)

Total OPEB Liability of the County (Continued)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the January 1, 2018 valuation were based on the pension valuation prepared by GEBCorp as of January 1, 2018.

Discount rate

The discount rate used to measure the total OPEB liability was 3.44%. 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 3.44% as determined by the Bond Buyer 20-Bond GO Index Rate as of the December 31, 2017 measurement date.

Changes in the Total OPEB Liability of the County

The changes in the total OPEB liability of the County for the year ended December 31, 2018 (measurement date of December 31, 2017), were as follows:

	Total OPEB Liability (a)
Balances at December 31, 2017	<u>\$ 2,444,801</u>
Changes for the year:	
Service cost	140,748
Interest	90,747
Differences between expected and actual experience	28,042
Assumption changes	96,274
Benefit payments	<u>(89,021)</u>
Net changes	<u>266,790</u>
Balances at December 31, 2018	<u><u>\$ 2,711,591</u></u>

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Primary Government (Continued)

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 (2.44%) or 1-percentage-point higher (4.44%) than the current discount rate:

	1.00% Decrease (2.44%)	Current Discount Rate (3.44%)	1.00% Increase (4.44%)
Total OPEB liability	3,016,099	2,711,591	2,438,687

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:

	1.00% Decrease (6.25%)	Current Healthcare Cost Trend Rate (7.25%)	1.00% Increase (8.25%)
Total OPEB liability	2,362,841	2,711,591	3,130,160

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 the December 31, 2017 measurement date, and the current sharing pattern of costs between employer and inactive employees.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. OTHER POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Primary Government (Continued)

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

For the year ended December 31, 2018, the County recognized OPEB expense of \$248,249. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 24,263
Other changes in assumptions	83,299
County contributions subsequent to the measurement date	34,371
Total	<u>\$ 141,933</u>

County contributions subsequent to the measurement date of \$34,371 are recorded as a deferred outflow of resources and will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019. The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

Year ending December 31,

2019	\$ 16,754
2020	16,754
2021	16,754
2022	16,754
2023	16,754
Thereafter	23,792
Total	<u>\$ 107,562</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which, except as described in the following paragraph, the County carries commercial insurance in amounts deemed prudent by County management.

The County participates in the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk and insurance programs for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pools' agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the Workers' Compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding 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.

The County is partially insured in regard to health insurance claims. The first \$75,000 of claims is paid by the County. The County has a reinsurance policy that pays most claims in excess of the \$75,000, per covered individual, to reduce the exposure from catastrophic loss. These liabilities are recorded in the General Fund and enterprise funds since payment is expected to be made within one year. A third-party administrator is employed to process claims for the group health program. Settlement claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds participate in the program and make payments to the General Fund. The claims liability at December 31, 2018, is based on requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT (CONTINUED)

Required disclosure representing the changes in the balances of claims liabilities during the years ended December 31, 2018 and 2017, respectively, are as follows:

	December 31,	
	2018	2017
Unpaid claims, beginning of fiscal year	\$ 246,311	\$ 198,677
Incurred claims	5,743,171	2,685,175
Claims Paid	(5,859,741)	(2,637,541)
Unpaid claims, end of fiscal year	<u>\$ 129,741</u>	<u>\$ 246,311</u>

NOTE 14. CONTINGENCIES AND COMMITMENTS

Grant Contingencies

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

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet at December 31, 2018, the County has contractual commitments on uncompleted construction contracts of approximately \$76,076.

Litigation

The County is involved in several pending lawsuits. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE

The County has determined that a restatement to its January 1, 2018, beginning net position for governmental activities for the primary government was required to recognize the change in accounting principle for implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, through which accounting for OPEB plans and the related disclosure requirements were modified.

The adjustment resulted in a change to the beginning net position of the County's governmental activities as follows:

	Governmental Activities
Net position, as previously reported	\$ 69,952,266
Adjustment to remove the net OPEB obligation in accordance with GASB Statement No. 45	1,585,773
Adjustment needed to record OPEB deferred outflows of resources for contributions made subsequent to the measurement date in accordance with GASB Statement No. 75	89,021
Adjustment needed to record the total OPEB liability in accordance with GASB Statement No. 75	(2,444,801)
Net position, as restated	<u><u>\$ 69,182,259</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

MONROE COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED DECEMBER 31,

	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 390,140	\$ 354,503	\$ 357,191	\$ 377,611
Interest on total pension liability	2,006,388	1,855,132	1,742,195	1,651,403
Differences between expected and actual experience	(717,238)	1,010,598	165,198	-
Changes of assumptions	54,599	807,670	779,231	-
Benefit payments, including refunds of employee contributions	(1,098,959)	(1,078,414)	(998,766)	(818,466)
Net change in total pension liability	634,930	2,949,489	2,045,049	1,210,548
Total pension liability - beginning	28,223,798	25,274,309	23,229,260	22,018,712
Total pension liability - ending (a)	<u>\$ 28,858,728</u>	<u>\$ 28,223,798</u>	<u>\$ 25,274,309</u>	<u>\$ 23,229,260</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,167,800	\$ 1,215,850	\$ 1,122,951	\$ 1,147,758
Net investment income	3,338,566	1,407,318	132,823	1,330,402
Benefit payments, including refunds of employee contributions	(1,098,959)	(1,078,414)	(962,666)	(788,883)
Administrative expenses	(36,561)	(40,319)	(39,509)	(37,988)
Other	(214,619)	(181,945)	(196,422)	(201,212)
Net change in fiduciary net position	3,156,227	1,322,490	57,177	1,450,077
Plan fiduciary net position - beginning	21,591,428	20,268,938	20,211,761	18,761,684
Plan fiduciary net position - ending (b)	<u>\$ 24,747,655</u>	<u>\$ 21,591,428</u>	<u>\$ 20,268,938</u>	<u>\$ 20,211,761</u>
County's net pension liability - ending (a) - (b)	<u>\$ 4,111,073</u>	<u>\$ 6,632,370</u>	<u>\$ 5,005,371</u>	<u>\$ 3,017,499</u>
Plan fiduciary net position as a percentage of total pension liability	85.75%	76.50%	80.20%	87.01%
Covered payroll	\$ 6,983,538	\$ 7,226,818	\$ 7,516,338	\$ 7,552,981
County's net pension liability as a percentage of covered payroll	58.87%	91.77%	66.59%	39.95%

Notes to the Schedule:

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

MONROE COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF COUNTY PENSION CONTRIBUTIONS FOR THE YEAR ENDED DECEMBER 31,

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,167,800	\$ 1,215,850	\$ 1,122,951	\$ 1,147,758	\$ 1,399,777
Contributions in relation to the actuarially determined contribution	1,167,800	1,215,850	1,122,951	1,147,758	1,399,777
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,920,209	\$ 6,983,538	\$ 7,226,818	\$ 7,516,338	\$ 7,552,981
Contributions as a percentage of covered payroll	16.88%	17.41%	15.54%	15.27%	18.53%

Notes to the Schedule:

Valuation Date	January 1, 2017
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a 5-year smoothing period
Assumed Rate of Return on Investments	7.25%
Projected Salary Increases	2.50% - 5.00% (including 3.00% inflation)
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

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

MONROE COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED DECEMBER 31, 2018

Total OPEB liability	
Service cost	\$ 140,748
Interest on total OPEB liability	90,747
Differences between expected and actual experience	28,042
Changes of assumptions	96,274
Benefit payments, including refunds of employee contributions	<u>(89,021)</u>
Net change in total OPEB liability	266,790
Total OPEB liability - beginning	<u>2,444,801</u>
Total OPEB liability - ending	<u><u>\$ 2,711,591</u></u>
Covered employee payroll	\$ 9,158,940
County's total OPEB liability as a percentage of covered employee payroll	29.61%

Notes to the Schedule:

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

The discount rate changed from 3.78% at the December 31, 2016 measurement date to 3.44% at the December 31, 2017 measurement date.

The County is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of the GASB Statement No. 75 for payment of future OPEB benefits.

MONROE COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Library Fund – To account for costs of operating and maintaining the Monroe County Library. Financing is provided from general revenues of the County, fines, and contributions.

Forfeited Funds – To account for monies seized and ordered as forfeited by the courts. Monies are seized in drug related cases. All funds are expended by law enforcement personnel.

Law Library Fund – To account for costs of operating and maintaining the County Law Library. Financing is provided from a charge added to and collected on all costs in civil and criminal cases.

Jail Fines Fund – To account for monies received by the collection of a 10% add-on fine as allowed by state law to be used for construction, operating, and staffing the County jail.

Drug Education Fund – To account for the expenditure of monies from the County Drug Abuse Treatment and Education Fund. Financing is provided by the collection of an add-on fine as allowed by state law.

C.A.R.E. Cottage Fund – To account for the operation of the Monroe County Child Abuse Reporting Enforcement Cottage. Financing is provided by fines, grants, and contributions.

Federal Forfeited Funds – To account for monies seized and ordered as forfeited by the federal courts. Monies are seized in drug related cases. All funds are expended by law enforcement personnel.

CDBG Water Grant Fund – To account for the receipt and expenditures of monies received from community development block grant for improvements to the County's water system.

EMS Grant Fund – To account for the receipt and expenditures of monies received from various grants and contributions for Emergency Medical Services.

EMA Grant Fund – To account for the receipt and expenditures of monies received from various grants and contributions for the Emergency Management Agency.

Sheriff's Safe Driving Fund – To account for the receipt and expenditures of monies received from various grants and contributions for the purpose of the education and promotion of safe driving in the County.

Supervisory Fees Fund – To account for the receipt and expenditures of monies received from supervisory fees related to juvenile court cases.

MONROE COUNTY, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2018

	Library	Forfeited Funds	Law Library	Jail Fines	Drug Education
ASSETS					
Cash	\$ 32,802	\$ 144,502	\$ 4,357	\$ 87,306	\$ 69,669
Investments	57,140	-	12,098	-	-
Accounts receivable	-	-	-	13,246	4,528
Interest receivable	78	-	8	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 90,020</u>	<u>\$ 144,502</u>	<u>\$ 16,463</u>	<u>\$ 100,552</u>	<u>\$ 74,197</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 3,560	\$ -	\$ 33,821	\$ 1,176
Accrued liabilities	-	-	-	-	1,733
Unearned revenue	-	-	-	-	-
Due to other funds	-	97,190	-	-	51,400
Total liabilities	<u>-</u>	<u>100,750</u>	<u>-</u>	<u>33,821</u>	<u>54,309</u>
FUND BALANCES					
Restricted for:					
Judicial	-	-	16,463	-	-
Public safety	-	43,752	-	66,731	19,888
Assigned for:					
Culture and recreation	90,020	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>90,020</u>	<u>43,752</u>	<u>16,463</u>	<u>66,731</u>	<u>19,888</u>
Total liabilities and fund balances (deficits)	<u>\$ 90,020</u>	<u>\$ 144,502</u>	<u>\$ 16,463</u>	<u>\$ 100,552</u>	<u>\$ 74,197</u>

Special Revenue Funds							Total Nonmajor Governmental Funds
C.A.R.E. Cottage	Federal Forfeited Funds	CDBG Water Grant	EMS Grant	EMA Grant	Sheriff's Safe Driving	Supervisory Fees	
\$ 469,392	\$ 2,394	\$ -	\$ 422	\$ 32,159	\$ 4,079	\$ 4,656	\$ 851,738
-	-	-	-	-	-	-	69,238
-	-	-	-	-	-	-	17,774
-	-	-	-	-	-	-	86
5,603	-	80,108	-	-	-	-	85,711
<u>\$ 474,995</u>	<u>\$ 2,394</u>	<u>\$ 80,108</u>	<u>\$ 422</u>	<u>\$ 32,159</u>	<u>\$ 4,079</u>	<u>\$ 4,656</u>	<u>\$ 1,024,547</u>
\$ 10,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,962
5,799	-	-	-	-	-	-	7,532
1,704	-	80,108	-	-	-	-	81,812
326,742	4,210	-	104	39,499	2,469	350	521,964
<u>344,650</u>	<u>4,210</u>	<u>80,108</u>	<u>104</u>	<u>39,499</u>	<u>2,469</u>	<u>350</u>	<u>660,270</u>
130,345	-	-	-	-	-	4,306	151,114
-	-	-	318	-	1,610	-	132,299
-	-	-	-	-	-	-	90,020
-	(1,816)	-	-	(7,340)	-	-	(9,156)
<u>130,345</u>	<u>(1,816)</u>	<u>-</u>	<u>318</u>	<u>(7,340)</u>	<u>1,610</u>	<u>4,306</u>	<u>364,277</u>
<u>\$ 474,995</u>	<u>\$ 2,394</u>	<u>\$ 80,108</u>	<u>\$ 422</u>	<u>\$ 32,159</u>	<u>\$ 4,079</u>	<u>\$ 4,656</u>	<u>\$ 1,024,547</u>

MONROE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Library	Forfeited Funds	Law Library	Jail Fines	Drug Education
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	6,478	91,583	18,758	141,385	55,655
Charges for services	8,662	-	-	-	-
Interest income	-	10	1	6	4
Contributions	1,057	-	-	-	-
Miscellaneous	140	-	-	-	-
Total revenues	<u>16,337</u>	<u>91,593</u>	<u>18,759</u>	<u>141,391</u>	<u>55,659</u>
Expenditures:					
Current:					
Judicial	-	-	23,613	-	-
Public safety	-	95,463	-	146,604	48,464
Public works	-	-	-	-	-
Culture and recreation	15,902	-	-	-	-
Total expenditures	<u>15,902</u>	<u>95,463</u>	<u>23,613</u>	<u>146,604</u>	<u>48,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>435</u>	<u>(3,870)</u>	<u>(4,854)</u>	<u>(5,213)</u>	<u>7,195</u>
Other financing sources:					
Transfers in	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	435	(3,870)	(4,854)	(5,213)	7,195
Fund balances, beginning of year	<u>89,585</u>	<u>47,622</u>	<u>21,317</u>	<u>71,944</u>	<u>12,693</u>
Fund balances (deficits), end of year	<u>\$ 90,020</u>	<u>\$ 43,752</u>	<u>\$ 16,463</u>	<u>\$ 66,731</u>	<u>\$ 19,888</u>

Special Revenue Funds							Total Nonmajor Governmental Funds
C.A.R.E. Cottage	Federal Forfeited Funds	CDBG Water Grant	EMS Grant	EMA Grant	Sheriff's Safe Driving	Supervisory Fees	
\$ 125,793	\$ -	\$ 73,160	\$ -	\$ 8,289	\$ -	\$ -	\$ 207,242
68,310	-	-	-	-	-	561	382,730
-	-	-	-	-	-	-	8,662
675	-	-	-	3	-	-	699
-	-	-	-	-	600	-	1,657
8,701	-	-	-	-	-	-	8,841
203,479	-	73,160	-	8,292	600	561	609,831
239,647	-	-	-	-	-	-	263,260
-	4,595	-	-	17,640	1,774	-	314,540
-	-	153,460	-	-	-	-	153,460
-	-	-	-	-	-	-	15,902
239,647	4,595	153,460	-	17,640	1,774	-	747,162
(36,168)	(4,595)	(80,300)	-	(9,348)	(1,174)	561	(137,331)
-	-	80,108	-	-	-	-	80,108
-	-	80,108	-	-	-	-	80,108
(36,168)	(4,595)	(192)	-	(9,348)	(1,174)	561	(57,223)
166,513	2,779	192	318	2,008	2,784	3,745	421,500
\$ 130,345	\$ (1,816)	\$ -	\$ 318	\$ (7,340)	\$ 1,610	\$ 4,306	\$ 364,277

MONROE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2014 ISSUE FOR THE YEAR ENDED DECEMBER 31, 2018

Project Description	Original Estimated Cost	Expenditures		
		Prior Years, As Restated	Current Year	Total
Roads, Streets, Bridges	\$ 7,000,000	\$ 7,820,112	\$ 3,449,902	\$ 11,270,014
Construction of Water and Sewer Lines	7,000,000	5,582,262	-	5,582,262
Patrol Vehicles	800,000	472,142	174,894	647,036
Emergency Services Equipment	1,500,000	-	-	-
Recreation Facilities and Equipment	2,500,000	193,877	33,291	227,168
Hospital Capital Improvements	1,000,000	1,606	771,525	773,131
Emergency 911 Radio System Upgrade	3,100,000	2,984,919	-	2,984,919
Library Facilities and Equipment	150,000	5,789	-	5,789
Road Department Heavy Equipment	1,250,000	622,012	111,004	733,016
Civic Center Facilities and Equipment	1,200,000	1,415,011	-	1,415,011
City of Forsyth	4,600,000	1,827,205	663,560	2,490,765
City of Culloden	550,000	217,901	-	217,901
Total	<u>\$ 30,650,000</u>	<u>\$ 21,142,836</u>	<u>\$ 5,204,176</u>	<u>\$ 26,347,012</u>

Reconciliation of SPLOST schedules to financial statements:

Total of all SPLOST schedules of expenditures	<u>\$ 5,204,176</u>
Expenditures - 2014 SPLOST Fund	\$ 1,851,973
Transfers out - 2014 SPLOST Fund	<u>3,352,203</u>
	<u>\$ 5,204,176</u>

Note: Bonds used to fund SPLOST projects were issued by the Public Facilities Authority (PFA). Transfers from SPLOST funds to the PFA are used to pay interest payments on the bonds as they mature.

MONROE COUNTY, GEORGIA

NONMAJOR ENTERPRISE FUNDS

Building Inspection Fund – To account for building inspection licensing and fees revenues and related expenditures.

Conference Center Fund – To account for activities associated with the Monroe County Conference Center.

MONROE COUNTY, GEORGIA

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS DECEMBER 31, 2018

	Building Inspection	Conference Center	Total Nonmajor Enterprise Funds
ASSETS			
CURRENT ASSETS			
Cash	\$ 80,216	\$ 65,738	\$ 145,954
Due from other funds	10,492	-	10,492
Total current assets	<u>90,708</u>	<u>65,738</u>	<u>156,446</u>
NONCURRENT ASSETS			
Capital assets:			
Non-depreciable	-	23,037	23,037
Depreciable, net of accumulated depreciation	-	891,737	891,737
Total capital assets	<u>-</u>	<u>914,774</u>	<u>914,774</u>
Total noncurrent assets	<u>-</u>	<u>914,774</u>	<u>914,774</u>
Total assets	<u>90,708</u>	<u>980,512</u>	<u>1,071,220</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	16,275	-	16,275
Total deferred outflows of resources	<u>16,275</u>	<u>-</u>	<u>16,275</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	810	4,412	5,222
Accrued liabilities	4,087	4,093	8,180
Compensated absences payable, current	71	3,011	3,082
Due to other funds	-	157,321	157,321
Total current liabilities	<u>4,968</u>	<u>168,837</u>	<u>173,805</u>
LONG-TERM LIABILITIES			
Compensated absences	-	10,050	10,050
Net pension liability	48,922	-	48,922
Total long-term liabilities	<u>48,922</u>	<u>10,050</u>	<u>58,972</u>
Total liabilities	<u>53,890</u>	<u>178,887</u>	<u>232,777</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	14,068	-	14,068
Total deferred inflows of resources	<u>14,068</u>	<u>-</u>	<u>14,068</u>
NET POSITION			
Investment in capital assets	-	914,774	914,774
Unrestricted	39,025	(113,149)	(74,124)
Total net position	<u>\$ 39,025</u>	<u>\$ 801,625</u>	<u>\$ 840,650</u>

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

MONROE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Building Inspection</u>	<u>Conference Center</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:			
Charges for services:			
Building licenses and permits	\$ 135,058	\$ 350	\$ 135,408
Rent	-	117,783	117,783
Miscellaneous	592	300	892
Total operating revenues	<u>135,650</u>	<u>118,433</u>	<u>254,083</u>
Operating expenses:			
Personal services	88,565	96,997	185,562
Purchased/contracted services	8,156	27,414	35,570
Supplies and materials	5,090	22,537	27,627
Utilities and purchased water	-	25,757	25,757
Depreciation	-	19,443	19,443
Total operating expenses	<u>101,811</u>	<u>192,148</u>	<u>293,959</u>
Operating income (loss)	<u>33,839</u>	<u>(73,715)</u>	<u>(39,876)</u>
Nonoperating revenues:			
Investment income	<u>5</u>	<u>-</u>	<u>5</u>
Total nonoperating revenues	<u>5</u>	<u>-</u>	<u>5</u>
Income (loss) before capital contributions	33,844	(73,715)	(39,871)
Capital contributions	<u>-</u>	<u>25,291</u>	<u>25,291</u>
Change in net position	33,844	(48,424)	(14,580)
Net position, beginning of year	<u>5,181</u>	<u>850,049</u>	<u>855,230</u>
Net position, end of year	<u><u>\$ 39,025</u></u>	<u><u>\$ 801,625</u></u>	<u><u>\$ 840,650</u></u>

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

MONROE COUNTY, GEORGIA

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Building Inspection</u>	<u>Conference Center</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 135,650	\$ 118,433	\$ 254,083
Payments to suppliers and service providers	(12,521)	(74,721)	(87,242)
Payments to employees	(90,381)	(89,493)	(179,874)
Receipts from interfund services provided	42,764	64,884	107,648
Net cash provided by operating activities	<u>75,512</u>	<u>19,103</u>	<u>94,615</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>5</u>	<u>-</u>	<u>5</u>
Net cash provided by investing activities	<u>5</u>	<u>-</u>	<u>5</u>
Net increase in cash and cash equivalents	75,517	19,103	94,620
Cash and cash equivalents:			
Beginning of year	<u>4,699</u>	<u>46,635</u>	<u>51,334</u>
End of year	<u>\$ 80,216</u>	<u>\$ 65,738</u>	<u>\$ 145,954</u>
(Continued)			

MONROE COUNTY, GEORGIA

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Building Inspection</u>	<u>Conference Center</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 33,839	\$ (73,715)	\$ (39,876)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	19,443	19,443
(Increase) decrease in:			
Due from other funds	(10,492)	-	(10,492)
Deferred outflows of resources - pensions	19,838	-	19,838
Increase (decrease) in:			
Accounts payable	725	987	1,712
Accrued liabilities	(1,326)	800	(526)
Compensated absences	(4,393)	6,704	2,311
Due to other funds	53,256	64,884	118,140
Net pension liability	(30,003)	-	(30,003)
Deferred inflows of resources - pensions	14,068	-	14,068
Net cash provided by operating activities	<u>\$ 75,512</u>	<u>\$ 19,103</u>	<u>\$ 94,615</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Capital assets purchased by other funds	\$ -	\$ 25,291	\$ 25,291
Total noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ 25,291</u>	<u>\$ 25,291</u>

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

MONROE COUNTY, GEORGIA

AGENCY FUNDS

Tax Commissioner – To account for the collection and payment to Monroe County and other taxing units of the property taxes levied, billed, and collected by the Tax Commissioner on behalf of Monroe County and other taxing units.

Clerk of Superior Court – To account for all monies received by the Clerk of Superior Court on behalf of individuals, private organizations, other governmental units, and other funds.

Probate Court – To account for all monies received by the Probate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Magistrate Court – To account for all monies received by the Magistrate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Sheriff – To account for all monies received by the Sheriff's Office on behalf of individuals, private organizations, other governmental units, and other funds.

MONROE COUNTY, GEORGIA

COMBINING BALANCE SHEET AGENCY FUNDS DECEMBER 31, 2018

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
Cash	\$ 11,649,085	\$ 112,205	\$ 93,184	\$ 60,292	\$ 415,564	\$ 12,330,330
Taxes receivable	1,000,468	-	-	-	-	1,000,468
Due from others	-	-	-	-	381	381
Total assets	<u>\$ 12,649,553</u>	<u>\$ 112,205</u>	<u>\$ 93,184</u>	<u>\$ 60,292</u>	<u>\$ 415,945</u>	<u>\$ 13,331,179</u>
LIABILITIES						
Due to others	\$ 11,649,085	\$ 112,205	\$ 93,184	\$ 60,292	\$ 415,945	\$ 12,330,711
Uncollected taxes	1,000,468	-	-	-	-	1,000,468
Total liabilities	<u>\$ 12,649,553</u>	<u>\$ 112,205</u>	<u>\$ 93,184</u>	<u>\$ 60,292</u>	<u>\$ 415,945</u>	<u>\$ 13,331,179</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 Monroe County, Georgia
Forsyth, 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Georgia as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Monroe County, Georgia's basic financial statements, and have issued our report thereon dated August 20, 2019. Our report includes a reference to other auditors who audited the financial statements of the Monroe County Health Department, as described in our report on Monroe County, Georgia's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report includes reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as of January 1, 2018. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2018-001 and 2018-002 to be material weaknesses. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2018-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2018-003.

Monroe County, Georgia's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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
August 20, 2019

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

☒ Yes ☐ No

Significant deficiencies identified not considered
to be material weaknesses?

☒ Yes ☐ No

Noncompliance material to financial statements noted?

☒ Yes ☐ No

Federal Awards

A single audit was not performed for the year ended December 31, 2018 due to the County not expending \$750,000 or more of federal funds.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION II FINANCIAL STATEMENT FINDINGS

2018-001 General Accounting Matters (Repeat Finding of Prior Year 2017-001)

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable (and available). Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: Significant adjustments were determined and required to be recorded in the months that followed December 31, 2018. Additionally, it was noted that some of the County's Funds' activity had not been recorded for months on end. Further, and throughout the course of the audit process, we noted there was an overall lack of proper and adequate accounting on a timely basis during the fiscal year 2018. We noted deficiencies in timeliness, completeness, and accuracy. Specifically, we noted a lack of timely and accurate financial and non-financial information needed:

- to properly maintain general ledgers, subsidiary ledgers, and related reconciliations;
- to close-out and report activities, events and transactions on a periodic basis; and
- to reconcile details and activities considered to be significant on a monthly basis.

The County's Board of Commissioners is responsible for approximately \$30,000,000 of operations captured and reflected in 30 separate general ledgers ranging from the General Fund, special revenue funds, capital projects funds, enterprise funds and a private purpose trust fund.

We consistently noted the lack of separation of duties relative to the:

- preparation and review of certain reconciliations and subsidiary ledgers; and
- the general ledger, resulting from a lack of trained and experienced personnel in the Finance department. Additionally, there appears to be a continued lack of organization with regard to filing journal entries, deposits, and disbursement items.

MONROE COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018-001 General Accounting Matters (Repeat Finding of Prior Year 2017-001) (Continued)

Condition:
(Continued)

We believe it is important to note that we observed a genuine interest by the County's accounting personnel in their desire to learn and assume greater responsibilities for the County's accounting and financial reporting and noticed great improvement from the prior year's audit.

As part of the audit process, we sampled the journal entries recorded by the County during fiscal year 2018. Our sample results noted evidence lacking proper and adequate review of journal entries.

Context:

We addressed this matter with County officials who were able to provide all respective details and reconciliations as of and for the year ended December 31, 2018.

Effect:

The ultimate effect of the above condition is the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

Recommendation:

We recommend the County consider and evaluate its strengths and weaknesses relative to the accounting function, and take measures to address the concerns noted above with a goal of providing timely recording, reconciling and reporting of County operations and financial and non-financial activities.

We further recommend the County continue reinvesting in its accounting personnel by providing better technical education and training via participation in continuing education governmental accounting and financial reporting programs which are constantly available in the general geographic area of the County. Once certain levels of technical proficiency are observed by management, we further encourage the County to better cross-train the accounting personnel in an effort to make the accounting function a stronger and more capable accounting and finance department.

As a final recommendation, we recommend the County consider re-engineering the accounting processes with a goal of mitigating all concerns relative to a lack of segregation of duties and a general lack of timely accountability.

MONROE COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018-001 General Accounting Matters (Repeat Finding of Prior Year 2017-001) (Continued)

Views of Responsible
Officials and Planned

Corrective Action: We agree the County had issues with the way tasks were being performed. A new Finance Director was hired in mid-August 2018, followed by hiring two additional employees in the finance department, in addition to revamping the chain of command for the finance department (purchasing and information technology falls under the finance umbrella).

Policy and procedures have been implemented to address the county's overall accounting process. Also, these procedures include the review and evaluation of journal entries, accounts payable, requisition, payroll, etc. Procedures have been put in place to reconcile bank statements, due-to-due-from accounts, etc., on a monthly basis. Monthly financial reports are done and emailed to the Board of Commissioners.

A program has been implemented to continue the employee's education training. The accountant began the CVIOG Certified Finance Officers Certification Program in September 2018. The Purchasing Agent has also begun the CVIOG Certified Finance Officers Certification Program in 2019. Cross training in the purchasing department and finance department has been implemented and is ongoing.

2018-002 Segregation of Duties – Cash Accounts and Other Operational Functions (Repeat Finding of Prior Year 2017-002)

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: There is not appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in various funds administered by the County. Further, we noted a general lack of segregation of duties. We noted bank statements were being reconciled by employees of these elected officials' with no consistent review of the reconciled statements being performed. Specifically, we noted the following:

- Tax Commissioner's Office – one individual with the authority to sign checks also reconciles the bank statement.
- Sheriff's Office – individuals that reconcile bank statements also take deposits to the bank and post transactions to the general ledger.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018-002 Segregation of Duties – Cash Accounts and Other Operational Functions (Repeat Finding of Prior Year 2017-002) (Continued)

Condition
(Continued)

- Magistrate Court – one individual with the authority to prepare and sign checks also reconciles the bank statement.
- Probate Court – one individual with the authority to open mail, post receipts, balance cash, prepare deposits and print disbursement reports.
- Superior Court – one individual with the authority to prepare and sign checks also reconciles the bank statement.
- Water Fund – individuals with access to cash receipts from customers also have the ability to post payments and adjustments in the system to customers' accounts. These duties should be separated to avoid any misappropriation of County funds.

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

Effect: Failure to properly segregate duties can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: The lack of segregation of duties is primarily due to the limited number of individuals in each office available to perform all of the duties.

Recommendation: We recommend the duties of recording, distributing, and reconciling of accounts be segregated among employees. Also, we recommend greater separation of duties relative to: making deposits, opening the mail, posting receipts, and signing of checks.

Views of Responsible
Officials and Planned
Corrective Action:

We agree there is a lack of segregation of duties in the offices of the above mentioned areas due to minimum staffing in those departments. Procedures have been set up and implemented in most of these areas beginning with calendar year 2019. Procedures are being reviewed and will be updated to provide the adequate segregation of duties in the remaining areas.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018-003 Compliance with State Law (Repeat Finding of Prior Year 2017-006)

Criteria:	State law (O.C.G.A. § 48-8-121) requires SPLOST proceeds to be used exclusively for purposes specified in the resolution or ordinance calling for imposition of the tax and such proceeds be kept in a separate account and not commingled with other funds of the County.
Condition:	The County maintains separate SPLOST funds for each SPLOST issuance and a separate fund to account for debt that will be repaid using SPLOST proceeds, resulting in many interfund transfers and interfund balances between funds. These procedures resulted in significant audit adjustments to Due to SPLOST balances as of December 31, 2018.
Context:	During our review of interfund amounts between the various funds of the County, we noted amounts due to the SPLOST funds from other funds requiring significant audit adjustments.
Effect:	Several audit adjustments were required to interfund balances as of December 31, 2018.
Cause:	Internal controls in regard to interfund transactions were not sufficient to ensure proper expenditure of SPLOST funds.
Recommendation:	We recommend the County strengthen internal controls to ensure proper accounting of SPLOST funds. Further, we recommend funds receivable and payable be satisfied as soon as possible.
Views of Responsible Officials and Planned Corrective Action:	We agree that the SPLOST funds needed stronger internal controls and proper accountability of all SPLOST funds. All SPLOST funds have been reviewed and evaluated; however, it was not done until the end of December 2018 and into calendar year 2019. Procedures are now in place for receivable and payables to be satisfied on a monthly basis.

SECTION III FEDERAL AWARD FINDINGS AND RESPONSES

Not Applicable.

MONROE COUNTY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

2017-001 General Accounting Matters

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable (and available). Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: An inordinate amount of accounting, reporting and reconciling was not properly performed and reviewed during the fiscal year which required significant additional effort to close the County's 2017 fiscal year. The County used a consultant to assist in the close-out process in preparation for the audit, as was done at the end of 2016. Much of the year-end close work was performed by this individual for 2016 and 2017.

Significant adjustments were determined and required to be recorded in the months that followed December 31, 2017. Additionally, it was noted that some of the County's Funds' activity had not been recorded for months on end. Further, and throughout the course of the audit process, we noted there was an overall lack of proper and adequate accounting on a timely basis. We noted deficiencies in timeliness, completeness, and accuracy. Specifically, we noted a lack of timely and accurate financial and non-financial information needed:

- to properly maintain general ledgers, subsidiary ledgers, and related reconciliations;
- to close-out and report activities, events and transactions on a periodic basis; and
- to reconcile details and activities considered to be significant on a monthly basis.

The County's Board of Commissioners is responsible for approximately \$30,000,000 of operations captured and reflected in 30 separate general ledgers ranging from the General Fund, special revenue funds, capital projects funds, enterprise funds and a private purpose trust fund.

We consistently noted the lack of separation of duties relative to the:

- preparation and review of certain reconciliations and subsidiary ledgers; and
- the general ledger, resulting from a lack of trained and experienced personnel in the Finance department. Additionally, there appears to be a continued lack of organization with regard to filing journal entries, deposits, and disbursement items.

MONROE COUNTY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

2017-001 General Accounting Matters (Continued)

Condition:
(Continued)

We believe it important to note that we observed a genuine interest by the County's accounting personnel in their desire to learn and assume greater responsibilities for the County's accounting and financial reporting and noticed great improvement from the prior year's audit.

As part of the audit process, we sampled the journal entries recorded by the County during fiscal year 2017. Our sample results noted evidence of a proper and adequate review.

Auditee

Response/Status: Unresolved. This is included as current finding number 2018-001.

2017-002 Segregation of Duties - Cash Accounts and Other Operational Functions

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: There is not appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in various funds administered by the County. Further, we noted a general lack of segregation of duties. We noted bank statements were being reconciled by employees of these elected officials' with no consistent review of the reconciled statements being performed. Specifically, we noted the following:

- Sheriff's Office – individuals that prepare bank statements also take deposits to the bank and post transactions to the general ledger.
- Magistrate Court – one individual with the authority to prepare and sign checks also reconciles the bank statement.
- Probate Court – one individual with the authority to open mail, post receipts, balance cash, prepare deposits and print disbursement reports.
- Superior Court – one individual with the authority to prepare and sign checks also reconciles the bank statement.
- Water Fund – individuals with access to cash receipts from customers also have the ability to post payments and adjustments in the system to customers' accounts. These duties should be separated to avoid any misappropriation of County funds.

MONROE COUNTY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

2017-002 Segregation of Duties - Cash Accounts and Other Operational Functions (Continued)

Auditee

Response/Status: Unresolved. This is included as current finding number 2018-002.

2017-003 Accounts Receivable Function

Criteria: Internal controls should be in place to ensure that all revenue due the County is properly captured and recorded. Additionally, there needs to be controls in place to ensure there is adequate staffing in order to perform the necessary duties of billing and collecting these revenues as well as a system of checks and balances to ensure the staff are performing their assigned duties and duties are properly segregated. The accounting function should maintain detail of each balance sheet account and reconcile them periodically throughout the year as well as review for collectability and record an allowance for doubtful accounts when needed.

Condition: We noted there was a large portion of calendar year 2016 accounts receivable in the General Fund not collected at December 31, 2017. Only an approximate \$80,000 was collected on the \$486,000 outstanding as of December 31, 2016. Additionally, late billings were made for calendar year 2017 for amounts due the County for products and services from other local governments.

Auditee

Response/Status: Resolved.

2017-004 Payroll Tax Returns and Penalties

Criteria: Internal controls should be in place to ensure that the County properly calculates and records payroll, timely files the payroll tax returns and makes payroll tax deposits for federal and state on or before the due date. Additionally, there needs to be controls in place to ensure there is adequate staffing to perform the necessary duties regarding payroll processing as well as establishing and maintaining a system of 'checks and balances' to assure the staff are performing their assigned duties.

Condition: During our testing of accrued liabilities and review of the County's 941 Quarterly Payroll Tax Returns, we noted that payroll taxes had been incorrectly calculated for three of the four quarters of 2017. In the prior year, we noted via our Schedule of Findings and Responses section that all four quarter's payroll taxes had not been filed on time. In 2016, the County incurred and paid over \$150,000 in penalties and interest to the state and federal government for payroll tax returns not filed timely and incurred approximately another \$50,000 in 2017.

Auditee

Response/Status: Resolved.

MONROE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2018

2017-005 Long-Term Debt

Criteria: Generally accepted accounting principles requires timely reporting of all long term liabilities in a timely matter.

Condition: The County failed to make the principal portion of their bond payment timely during year ended December 31, 2017. As such, the County was not in compliance with its bond covenants.

Auditee

Response/Status: Resolved.

2017-006 Compliance with State Law

Criteria: State law (O.C.G.A. § 48-8-121) requires SPLOST proceeds to be used exclusively for purposes specified in the resolution or ordinance calling for imposition of the tax and such proceeds be kept in a separate account and not commingled with other funds of the County.

Condition: The County maintains separate SPLOST funds for each SPLOST issuance and a separate fund to account for debt that will be repaid using SPLOST proceeds, resulting in many interfund transfers and interfund balances between funds. These procedures resulted in balances at December 31, 2017 due to the SPLOST funds.

Auditee

Response/Status: Unresolved. This is included as current finding number 2018-003.