

TALBOT COUNTY, GEORGIA

FINANCIAL STATEMENTS

Year Ended June 30, 2018

TALBOT COUNTY, GEORGIA
FINANCIAL STATEMENTS
Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Talbot County
Talbotton, Georgia 31827

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 Talbot County, Georgia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Talbot County, Georgia'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Talbot County Department of Public Health, which represent 32 percent, negative 12 percent, and 93 percent, respectively, of the assets, net position, and revenues of the 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 Talbot County Department of Public Health, 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 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, the aggregate remaining fund information and the respective budgetary comparison for the General Fund and Special Revenue Fund - TIA, of Talbot County, Georgia, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of 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. 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 Talbot County, Georgia's basic financial statements. The combining, individual nonmajor fund financial statements, and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining, individual nonmajor fund financial statements, and other supplemental information 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining, individual nonmajor fund financial statements, and other supplemental information are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of Talbot County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Talbot County, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Talbot County, Georgia's internal control over financial reporting and compliance.

AJK, LLC

Manchester, Georgia
December 17, 2018

TALBOT COUNTY, GEORGIA
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Development Authority	Department of Public Health
<u>Assets</u>					
Cash	\$ 8,823,607	\$ 195,929	\$ 9,019,536	\$ 304,730	\$ 200,340
Receivables (net of allowance for doubtful accounts, where applicable):					
Taxes	350,924		350,924		
Accounts	75,615	150,593	226,208		15,221
Intergovernmental	345,425		345,425		
Internal balance	306,785	(306,785)	-		
Inventory		10,785	10,785		
Prepaid items	130,432		130,432		
Restricted cash		167,033	167,033		
Capital assets not being depreciated	495,890	19,600	515,490	123,336	
Capital assets being depreciated, net of accumulated depreciation	4,614,208	2,392,911	7,007,119	40,849	6,280
Total assets	15,142,886	2,630,066	17,772,952	468,915	221,841
<u>Deferred outflows of resources</u>					
Pension:					
Differences between expected and actual experience					1,314
Changes of assumptions					273
Other post employment benefits:					
Net difference between projected and actual earnings on OPEB plan investments					502
Employer contribution subsequent to measurement date					1,071
Changes in proportion and differences between employer contributions and proportionate share of contributions					3,973
Total deferred outflows of resources	-	-	-	-	7,133

Continued...

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

TALBOT COUNTY, GEORGIA
STATEMENT OF NET POSITION
June 30, 2018
(Continued)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Development Authority	Department of Public Health
<u>Liabilities</u>					
Accounts payable	308,912	79,443	388,355		12,413
Accrued liabilities		6,763	6,763	14,241	
Customer deposits		137,444	137,444		
Unearned revenue	162,475		162,475		
Long-term liabilities:					
Due within one year	276,643	84,076	360,719		
Due in more than one year	1,059,188	1,513,938	2,573,126		
Net pension liability					120,012
Net OPEB liability					110,879
Total liabilities	<u>1,807,218</u>	<u>1,821,664</u>	<u>3,628,882</u>	<u>14,241</u>	<u>243,304</u>
<u>Deferred inflows of resources</u>					
Pension:					
Net difference between projected and actual earnings on pension plan investments					299
Changes in proportion and differences between employer contributions and proportionate share of contributions					16,229
Other post-employment benefits:					
Changes of assumptions					8,489
Changes in proportion and differences between employer contributions and proportionate share of contributions					9,318
Net difference between projected and actual earnings on OPEB plan investments					968
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,303</u>
<u>Net Position</u>					
Net invested in capital assets	4,462,643	829,109	5,291,752	164,185	6,280
Restricted:					
Capital projects	2,254,879		2,254,879		
Public safety	168,015		168,015		
Public works	944,173		944,173		
Judicial	13,531		13,531		
Prior year program income					20,188
Unrestricted	<u>5,492,427</u>	<u>(20,707)</u>	<u>5,471,720</u>	<u>290,489</u>	<u>(76,101)</u>
Total net position	<u>\$ 13,335,668</u>	<u>\$ 808,402</u>	<u>\$ 14,144,070</u>	<u>\$ 454,674</u>	<u>\$ (49,633)</u>

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

TALBOT COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Program Revenues			Component Units	
	Charges for Services, Fees, Fines, and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Department of Public Health
Expenses				Governmental Activities	Business-Type Activities
Total					
Primary government:					
Governmental activities:					
General government	\$ 1,509,482	\$ 120,309	\$ 676,197	\$ (712,976)	\$ (712,976)
Judicial system	464,352			(464,352)	(464,352)
Public safety	1,828,655	644,551	32,384	(1,151,720)	(1,151,720)
Public works	2,142,457	337,093	\$ 1,905	(1,192,556)	(1,192,556)
Health and welfare	563,603	178,115	260,518	(124,970)	(124,970)
Culture and recreation	82,946			(82,946)	(82,946)
Planning and community development	150,852	32,049		(118,803)	(118,803)
Interest on long-term debt	19,784			(19,784)	(19,784)
Total governmental activities	6,762,131	1,280,068	1,905	(3,868,107)	(3,868,107)
Business-type activities:					
Water system	926,331	958,320		\$ 31,989	31,989
Total business-type activities	926,331	958,320	-	31,989	31,989
Total primary government	\$ 7,688,462	\$ 2,238,388	\$ 1,905	(3,868,107)	(3,836,118)
Component units:					
Development Authority	\$ 37,677	\$ 20,000		\$ (17,677)	\$ 4,447
Department of Public Health	249,111	49,455			4,447
Total component units	\$ 286,788	\$ 49,455	\$ -	(17,677)	4,447
General revenues:					
Taxes:					
Property				3,167,583	3,167,583
Sales				1,317,626	1,317,626
Insurance premiums				306,071	306,071
Motor vehicle and mobile home				296,072	296,072
Alcoholic beverage				33,650	33,650
Other				166,809	166,809
Interest revenue				26,213	289
Total general revenues				5,314,024	289
Change in net position				1,445,917	32,278
Net position, beginning of year (restated)				11,889,751	776,124
Net position, end of year				\$ 13,335,668	\$ 808,402
				\$ 14,144,070	\$ 454,674
					\$ (49,633)

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

TALBOT COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

<u>Assets</u>	<u>Major Governmental Fund Types</u>			<u>Nonmajor Governmental Fund Types</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>TIA</u>	<u>SPLOST</u>	<u>Other Governmental Funds</u>	
Cash	\$ 5,608,546	\$ 899,915	\$ 2,133,600	\$ 181,546	\$ 8,823,607
Receivables (net where applicable of allowances for uncollectibles):					
Taxes	350,924				350,924
Accounts	75,615				75,615
Intergovernmental	182,353	41,793	121,279		345,425
Due from other funds	306,785	11,108			317,893
Prepaid expenditures	130,432				130,432
Total assets	\$ 6,654,655	\$ 952,816	\$ 2,254,879	\$ 181,546	\$ 10,043,896
<u>Liabilities</u>					
Accounts payable - Trade	\$ 300,269	\$ 8,643			\$ 308,912
Due to other funds	11,108				11,108
Unearned revenue	162,475				162,475
Total liabilities	473,852	8,643	-	-	482,495
<u>Deferred inflows of resources</u>					
Unavailable revenue - property taxes	244,221				244,221
Total deferred inflows of resources	244,221	-	-	-	244,221
<u>Fund balances</u>					
Fund balances:					
Nonspendable - prepaid items	130,432				130,432
Restricted for:					
Capital projects			2,254,879		2,254,879
Public safety				168,015	168,015
Public works		944,173			944,173
Judicial				13,531	13,531
Unassigned	5,806,150				5,806,150
Total fund balances	5,936,582	944,173	2,254,879	181,546	9,317,180
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,654,655	\$ 952,816	\$ 2,254,879	\$ 181,546	\$ 10,043,896

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

TALBOT COUNTY, GEORGIA
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL
ACTIVITIES ON THE STATEMENT OF NET POSITION
June 30, 2018

Fund balances - Total governmental funds	\$ 9,317,180
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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:

Add, capital assets	10,432,316
Deduct, accumulated depreciation	(5,322,218)

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances at June 30, 2018 are:

Capital leases	\$ (456,850)	
Compensated absences	(75,551)	
Landfill post-closure costs	(612,825)	
Note payable	<u>(190,605)</u>	
Total long-term liabilities		(1,335,831)

In governmental funds, revenues must meet the availability test before they can be recognized. That is, they must be collected within 60 days after year end to be used to pay the period's current liabilities. However, no similar requirement applies in the government-wide statements. Therefore unavailable revenue balances reported on the balance sheet of governmental funds must be reversed and recognized as current period revenue. In addition, the governmental fund revenue will also be adjusted at the government-wide level for the change during the year in the balance of unavailable revenues:

Unavailable property taxes arising from ability to collect after 60 days from year end	<u>244,221</u>
Net position of governmental activities	<u><u>\$ 13,335,668</u></u>

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	Major Governmental Fund Types			Nonmajor Governmental Fund Types	Total Governmental Funds
	General	TIA	SPLOST	Other Governmental Funds	
Revenues:					
Taxes:					
Property	\$ 3,112,772				\$ 3,112,772
Sales	325,862	\$ 481,339	\$ 510,425		1,317,626
Insurance premium	306,071				306,071
Motor vehicle and mobile home	296,072				296,072
Alcoholic beverage	33,650				33,650
Other	166,809				166,809
Licenses and permits	32,246				32,246
Charges for services	901,221				901,221
Fines, forfeitures, and court fees	220,536			\$ 39,479	260,015
Grants and subsidies	1,580,002			32,049	1,612,051
Interest revenue	26,057		1,905	156	28,118
Other revenue	86,586				86,586
Total revenues	<u>7,087,884</u>	<u>481,339</u>	<u>512,330</u>	<u>71,684</u>	<u>8,153,237</u>
Expenditures:					
Current:					
General government	1,552,579				1,552,579
Judicial system	460,175			2,762	462,937
Public safety	1,662,868			14,921	1,677,789
Public works	1,443,641	499,139			1,942,780
Health and welfare	529,793				529,793
Culture and recreation	49,824				49,824
Planning and community development	118,177			32,049	150,226
Intergovernmental support			48,721		48,721
Debt service:					
Principal payments	44,916	83,323	45,709		173,948
Interest payments	5,131	3,978	10,675		19,784
Capital outlay:					
General government	13,468				13,468
Public safety	78,937		85,770	8,072	172,779
Public works	12,600	210,234			222,834
Culture and recreation			2,482		2,482
Total expenditures	<u>5,972,109</u>	<u>796,674</u>	<u>193,357</u>	<u>57,804</u>	<u>7,019,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,115,775</u>	<u>(315,335)</u>	<u>318,973</u>	<u>13,880</u>	<u>1,133,293</u>
Other financing sources (uses):					
Capital lease	18,876				18,876
Sale of capital assets	34,697				34,697
Total other financing sources (uses)	<u>53,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,573</u>
Net change in fund balances	1,169,348	(315,335)	318,973	13,880	1,186,866
Fund balances, beginning of year	<u>4,767,234</u>	<u>1,259,508</u>	<u>1,935,906</u>	<u>167,666</u>	<u>8,130,314</u>
Fund balances, end of year	<u>\$ 5,936,582</u>	<u>\$ 944,173</u>	<u>\$ 2,254,879</u>	<u>\$ 181,546</u>	<u>\$ 9,317,180</u>

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

TALBOT COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Net changes in fund balances - Total governmental funds \$ 1,186,866

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

Governmental funds report capital outlays. 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 (\$441,439) exceeded capital outlay (\$402,987) in the current period. (38,452)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, donations) is to decrease net position. (20,367)

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 assets. 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. 155,072

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment consists of the change of one balance:

Compensated absences 107,987

In governmental funds, revenues must meet the availability test before they can be recognized. That is, they must be collected within 60 days after year end to be used to pay the period's current liabilities. However, no similar requirement applies to the government-wide Statement of Activities. Therefore, unavailable revenue amounts are reversed on the Statement of Net Position and recognized as current period revenue on the Statement of Activities:

Net increase in unavailable revenue from June 30, 2017 (\$189,410) to
June 30, 2018 (\$244,221) 54,811

Change in net position of governmental activities \$ 1,445,917

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 3,279,721	\$ 3,279,721	\$ 3,112,772	\$ (166,949)
Sales	314,764	314,764	325,862	11,098
Insurance premium	285,622	285,622	306,071	20,449
Motor vehicle and mobile home	321,727	321,727	296,072	(25,655)
Alcoholic beverage	35,414	35,414	33,650	(1,764)
Other	128,151	128,151	166,809	38,658
Licenses and permits	47,550	47,550	32,246	(15,304)
Charges for services	882,324	882,324	901,221	18,897
Fines, forfeitures, and court fees	169,107	169,107	220,536	51,429
Grants and subsidies	1,355,514	1,355,514	1,580,002	224,488
Interest revenue	6,700	6,700	26,057	19,357
Other revenue	21,750	21,750	86,586	64,836
Total revenues	6,848,344	6,848,344	7,087,884	239,540
Expenditures:				
Current:				
General government:				
General administration	511,325	510,325	437,795	72,530
County commissioners	306,507	306,507	288,228	18,279
Tax commissioners	267,119	267,623	264,649	2,974
Tax assessors	314,386	324,386	252,111	72,275
Elections	208,077	208,077	143,644	64,433
Public buildings	752,837	752,837	166,152	586,685
Total general government	2,360,251	2,369,755	1,552,579	817,176
Judicial system:				
Probate court	179,288	179,288	169,138	10,150
Clerk of superior court	183,684	186,858	185,564	1,294
Magistrate	26,709	26,709	23,453	3,256
Appeal administration	13,870	13,870	10,229	3,641
Other court services	85,850	85,850	71,791	14,059
Total judicial system	489,401	492,575	460,175	32,400
Public safety:				
Ambulance service	545,002	545,002	482,790	62,212
Coroner	18,660	19,167	19,103	64
Fire	86,660	93,324	85,363	7,961
Animal control	27,100	39,704	31,724	7,980
Sheriff and jail	1,093,187	1,093,187	979,901	113,286
EMA services	80,862	80,862	33,758	47,104
Regional E-911	30,221	30,221	30,229	(8)
Total public safety	1,881,692	1,901,467	1,662,868	238,599

Continued.....

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2018
(Continued)

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Public works:				
Landfill	343,241	342,621	342,234	387
Public works	1,014,590	1,101,407	1,101,407	-
Total public works	1,357,831	1,444,028	1,443,641	387
Health and welfare:				
Transit	399,499	399,499	327,034	72,465
Nutrition	148,670	148,670	119,611	29,059
Health appropriations	86,409	86,409	83,148	3,261
Total health and welfare	634,578	634,578	529,793	104,785
Culture and recreation:				
Parks	36,261	36,261	18,100	18,161
Library	32,000	32,000	31,724	276
Total culture and recreation	68,261	68,261	49,824	18,437
Planning and community development:				
County agent	45,730	45,730	41,306	4,424
Building and zoning	60,270	60,270	56,030	4,240
Planning and community development appropriations	20,841	20,841	20,841	-
Total planning and community development	126,841	126,841	118,177	8,664
Debt service:				
Principal	44,916	44,916	44,916	-
Interest	7,701	7,701	5,131	2,570
Total debt service	52,617	52,617	50,047	2,570
Capital outlay:				
General government	14,070	14,070	13,468	602
Judicial system	1,500	1,500		1,500
Public safety	34,000	78,937	78,937	-
Public works		12,600	12,600	-
Total capital outlay	49,570	107,107	105,005	2,102
Total expenditures	7,021,042	7,197,229	5,972,109	1,225,120
Excess (deficiency) of revenues over (under) expenditures	(172,698)	(348,885)	1,115,775	1,464,660
Other financing sources (uses):				
Sale of capital assets			34,697	34,697
Capital lease			18,876	18,876
Total other financing sources (uses)	-	-	53,573	53,573
Net change in fund balances	(172,698)	(348,885)	1,169,348	1,518,233
Fund balances, beginning of year	4,767,234	4,767,234	4,767,234	-
Fund balances, end of year	\$ 4,594,536	\$ 4,418,349	\$ 5,936,582	\$ 1,518,233

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TIA
Year Ended June 30, 2018

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Taxes - sales	\$ 481,339	\$ 481,339	\$ -
Total revenues	<u>481,339</u>	<u>481,339</u>	<u>-</u>
Expenditures:			
Current:			
Public works	499,139	499,139	-
Debt Service:			
Principal payments	83,323	83,323	-
Interest payments	3,978	3,978	-
Capital outlay:			
Public works	<u>210,234</u>	<u>210,234</u>	<u>-</u>
Total expenditures	<u>796,674</u>	<u>796,674</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(315,335)</u>	<u>(315,335)</u>	<u>-</u>
Net change in fund balances	(315,335)	(315,335)	-
Fund balances, beginning of year	<u>1,259,508</u>	<u>1,259,508</u>	<u>-</u>
Fund balances, end of year	<u>\$ 944,173</u>	<u>\$ 944,173</u>	<u>\$ -</u>

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

TALBOT COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-Type Activities Major Fund Type <u>Water System</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 195,929
Accounts receivable (net of allowance for uncollectible)	150,593
Inventory	10,785
Restricted cash	<u>167,033</u>
Total current assets	<u>524,340</u>
Noncurrent assets:	
Capital assets not being depreciated	19,600
Capital assets being depreciated, net of accumulated depreciation	<u>2,392,911</u>
Total noncurrent assets	<u>2,412,511</u>
Total assets	<u>2,936,851</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	79,443
Customer deposits	137,444
Due to other funds	306,785
Accrued interest	6,763
Compensated absences, current portion	4,384
Leases payable, current portion	14,173
Revenue bonds, current portion	<u>65,519</u>
Total current liabilities	<u>614,511</u>
Noncurrent liabilities:	
Compensated absences payable	10,228
Leases payable	14,952
Revenue bonds payable	<u>1,488,758</u>
Total noncurrent liabilities	<u>1,513,938</u>
Total liabilities	<u>2,128,449</u>
<u>Net Position</u>	
Net invested in capital assets	829,109
Unrestricted	<u>(20,707)</u>
Total net position	<u>\$ 808,402</u>

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Business-Type Activities Major Fund Types <u>Water System</u>
Operating revenues:	
Charges for services	\$ 913,919
Penalties	30,930
Miscellaneous	<u>13,471</u>
Total operating revenue	<u>958,320</u>
Operating expenses:	
Salaries and benefits	214,994
Water purchases	286,529
Services and supplies	80,482
Depreciation and amortization	167,001
Other operating	<u>96,179</u>
Total operating expenses	<u>845,185</u>
Operating income (loss)	<u>113,135</u>
Nonoperating revenues (expenses):	
Interest income	289
Interest expense	<u>(81,146)</u>
Total nonoperating revenues (expenses)	<u>(80,857)</u>
Change in net position	32,278
Net position, beginning of year	<u>776,124</u>
Net position, end of year	<u><u>\$ 808,402</u></u>

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

TALBOT COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Business-Type Activities Major Fund Types Water System
Cash flows from operating activities:	
Receipts from customers	\$ 946,706
Receipt of customer deposits	10,023
Payments to employees	(221,495)
Payments to vendors	(504,550)
Net cash provided (used) by operating activities	<u>230,684</u>
Cash flows from capital and related financing activities:	
Principal paid on capital lease	(15,775)
Principal paid on revenue bonds	(62,835)
Interest paid on capital debt	(81,697)
Net cash provided (used) by capital and related financing activities	<u>(160,307)</u>
Cash flows from investing activities:	
Interest income	<u>289</u>
Net cash provided (used) by investing activities	<u>289</u>
Net increase (decrease) in cash	70,666
Cash, beginning of year	<u>292,296</u>
Cash, end of year	<u><u>\$ 362,962</u></u>
Reported on balance sheet as:	
Cash	\$ 195,929
Restricted cash	<u>167,033</u>
Total cash per balance sheet	<u><u>\$ 362,962</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 113,135
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	167,001
(Increase) decrease in:	
Accounts receivable	(11,614)
Inventories	446
Increase (decrease) in:	
Due to other funds	(62,881)
Customer deposits	10,023
Accounts payable	21,075
Compensated absences	(6,501)
Net cash provided by operating activities	<u><u>\$ 230,684</u></u>
Noncash capital and related financing activities:	
Capital lease of \$44,900 in connection with the acquisition of new equipment	

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

TALBOT COUNTY, GEORGIA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2018

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	\$ 302,271
Taxes receivable	<u>334,415</u>
Total assets	<u>\$ 636,686</u>
<u>Liabilities</u>	
Due to others	<u>\$ 636,686</u>
Total liabilities	<u>\$ 636,686</u>

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

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Talbot County, Georgia (the County) was incorporated December 14, 1827. The County operates under a board of five commissioners and provides the following services in addition to general government responsibilities: judicial, public safety, public works, health and welfare, culture and recreation, planning and community development, and water services.

The following is a summary of the County's more significant accounting policies used in the preparation of the accompanying financial statements.

A. The Reporting Entity

The accompanying financial statements present the County's primary government and discretely presented component units over which the County exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the County (as distinct from legal relationships).

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the Talbot County Department of Public Health and the Development Authority of Talbot County, the County's only component units. Copies of the component units' financial statements may be obtained from the County Commissioners office.

Information regarding the component units reported in the County's financial statements is listed below:

<u>Discretely Presented Component Unit</u>	<u>Brief Description of Activities and Relationship to the County</u>
Talbot County Department of Public Health	Provides medical services and health education to the citizens of Talbot County. The County Board of Commissioners has the authority to modify and approve the Department of Public Health's budget and have committed to provide significant financial support to the Department of Public Health.
Development Authority of Talbot County	Identifies, attracts and locates new business, industry and tourism in Talbot County for the purposes of increasing trade, commerce, industry, tourism and employment opportunities. The County Board of Commissioners appoints a majority of the Board of Directors.

Both the Development Authority of Talbot County and the Talbot County Department of Public Health are presented as discretely presented component units. Both component units are presented as governmental fund types. The County has omitted all of the disclosures related to the Talbot County Department of Public Health except those considered to be significant to the County's Financial Statements.

Related Organizations - Based upon GASB criteria, the following related organizations are excluded from the financial reporting entity because the County's accountability does not extend beyond making appointments or providing limited financial support:

Talbot County Board of Education
Talbot County Department of Family and Children Services
Talbot County Forestry Commission
Talbot County Housing Authority

Disbursements for these units based on contractual agreements have been budgeted and expended as part of regular operations of the County.

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

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 nonfiduciary activities of the primary government and its component units. 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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* includes 1) charges to customers or applicants 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. Nonmajor funds are aggregated and presented in a single column on the governmental financial statements.

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

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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, including property taxes, 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, grants from other governments, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

General Fund - The General Fund is established to account for resources devoted to financing the general services that the County performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the County are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

TIA Fund - The TIA Fund is a special revenue fund established to account for the County's share of Transportation Investment Act sales tax.

SPLOST Fund - The SPLOST Fund is a capital projects fund established to account for major capital expenditures financed by special local option sales tax receipts.

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

The County also reports the following major proprietary fund:

Water System Fund - The Water System Fund accounts for the water activities of the government.

Additionally, the County reports the following nonmajor governmental funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

The County also reports the following fiduciary fund type:

Agency Funds - Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Current Agency Funds held by the County are as follows:

Tax Commissioner
Sheriff
Magistrate Court
Probate Court
Superior Court

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule can be payments in lieu of taxes and other charges between the government's water system and other functions of the County.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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 proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County's net position is reported in three parts - 1) net invested in capital assets 2) restricted; and 3) unrestricted. 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. Budgets and Budgetary Accounting

The County prepares and adopts its budget and complies with the auditing requirements for local governments so as to provide local taxpayers with an opportunity to gain information concerning the purpose for which local revenues are proposed to be spent and are actually spent and to assist local governments in generally improving local financial management practices while maintaining, preserving, and encouraging the principle of home rule over local matters. The procedures are as follows:

- a. The County manager submits to the Board of Commissioners a proposed operating budget for the following fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. The budget is legally enacted through passage of an ordinance.

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

- d. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- e. The Capital Projects Fund is budgeted on a project basis, which may be one or more years in length.
- f. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Each fund's appropriated budget is prepared on a department level. Revenues are budgeted by source. Expenditures are budgeted by departments, which constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the County Commission. Within these control levels, management may transfer appropriations without Commission approval. Budget appropriations lapse at year end.

The budget amounts shown in these financial statements include any amendments approved by the County. There were no significant amendments during the fiscal year.

E. Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County, and non-negotiable certificates of deposits regardless of original maturity.

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities; bonds or certificates of indebtedness of the State of Georgia and of its agencies and instrumentalities; certificates of deposit of banks insured by the FDIC to the extent that such investments are legal investments; repurchase agreements; and the Local Government Investment Pool, administered by the State of Georgia.

Investments for the County, as well as for its component units are reported at fair value. Neither the County, nor its component units, have any investments at year end.

F. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable/payables" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances between governmental activities and the business-type activities are reported on the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowances for uncollectibles on receivable balances represent estimates based on historical collection rates and account balance aging reports.

The County's property tax is levied on approximately October 15 on the assessed values for all real and personal property, including mobile homes and motor vehicles located in the County. The billings are considered due December 20. At December 21, the bill becomes delinquent, the applicable property is subject to lien, and penalties and interest may be assessed by the County.

All property taxes levied for the current and any previous years, but not received as of June 30, 2018, are shown as property taxes receivable at that date. Any of the taxes, which are determined to be unavailable to pay liabilities of the current period, have been deferred. The Tax Commissioner bills and collects those property taxes levied by the County, the Talbot County Board of Education, the municipalities located within the County and the State of Georgia. Collections and remittances to the County and other governmental agencies are accounted for in an Agency Fund.

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

G. Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method and consists of expendable supplies. The County uses the consumption method to record inventory, which means that inventory acquisitions are recorded in inventory accounts when purchased and charged as expenditures or expenses when used. At year end, only the County's business-type activities had inventory balances on the financials.

H. Prepaid Items

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

I. Restricted Cash

Water System Fund restricted cash is restricted for the Water Fund debt service.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of acquisition plus any ancillary charges incurred to put the asset into service.

The County is classified as a phase 3 government due to its revenue and classification by GASB 34. The County has opted not to retroactively report infrastructure, but reports all infrastructure additions and related improvements after July 1, 2003.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Improvements	10-30
Public domain infrastructure	40
System infrastructure	40
Vehicles	5
Equipment	5-15

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

K. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the County has no items that qualify for reporting as a deferred outflow of resources. The Talbot County Department of Public Health has two items which reflect pension related items, and three items reflecting other post-employment benefit related items.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Talbot County Department of Public Health has two items which reflect pension related items, and three items reflecting other post-employment benefit related items.

L. Compensated Absences

The County changed its policy to disallow employees to accumulate earned but unused vacation and sick benefits beyond a one year period. Benefits belonging to employees who had accumulated the benefits prior to this change are reflected 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 and retirements.

M. 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 straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Fund Equity

Beginning with fiscal year ending June 30, 2011, the County implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength to the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid items) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The County Board of Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the County Board of Commissioners through adoption or amendment of the budget as intended for specific purpose (such as purchase of capital assets, construction, debt service, or for other purposes). It is the County's policy to use restricted fund balances first, followed by committed, assigned, and then unassigned amounts, respectively.

O. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Use of Estimates to Prepare Financial Statements

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Q. Subsequent Events

Subsequent events have been evaluated by management through December 17, 2018, which is the date the financial statements were available to be issued.

2. DEPOSITS AND INVESTMENTS

Primary Government

At year end, the County had \$500 in petty cash on hand and the carrying amount of the County's deposits (checking, savings and certificates of deposit) was \$9,488,340 and the bank balance was \$9,585,604. Of the bank balance, \$1,114,827 was covered by federal depository insurance and \$8,470,777 was covered by collateral held in the pledging bank's trust department or by its agent in the County's name. The County does not have a deposit policy for custodial credit risk.

Discretely Presented Component Unit

At year end, the carrying amount of the Development Authority of Talbot County, a component unit of the County, deposits (checking and certificates of deposit) was \$304,730 and the bank balance was \$304,730. Of the bank balance, \$276,244 was covered by federal depository insurance and \$28,486 was covered by collateral held in the pledging bank's trust department or by its agent in the Authority's name.

The Authority does not have a deposit policy for custodial credit risk.

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

3. CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 278,681			\$ 278,681
Construction in progress	178,132	\$ 39,077		217,209
Total capital assets, not being depreciated	456,813	39,077	\$ -	495,890
Capital assets, being depreciated:				
Buildings and structures	4,355,669	6,540		4,362,209
Improvements	545,261	9,888		555,149
Machinery and equipment	4,312,874	347,482	(166,029)	4,494,327
Infrastructure	524,741			524,741
Total capital assets, being depreciated	9,738,545	363,910	(166,029)	9,936,426
Less, accumulated depreciation for:				
Buildings and structures	(1,492,670)	(112,893)		(1,605,563)
Improvements	(222,906)	(26,263)		(249,169)
Machinery and equipment	(3,242,634)	(289,164)	145,662	(3,386,136)
Infrastructure	(68,231)	(13,119)		(81,350)
Total accumulated depreciation	(5,026,441)	(441,439)	145,662	(5,322,218)
Total capital assets, being depreciated, net	4,712,104	(77,529)	(20,367)	4,614,208
Governmental activities capital assets, net	\$5,168,917	\$ (38,452)	\$ (20,367)	\$5,110,098
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 19,600			\$ 19,600
Total capital assets, not being depreciated	19,600	\$ -	\$ -	19,600
Capital assets, being depreciated:				
Machinery and equipment	171,594			171,594
Transportation equipment	88,115	44,900		133,015
Water system	5,949,344			5,949,344
Total capital assets, being depreciated	6,209,053	44,900	-	6,253,953
Less, accumulated depreciation for:				
Machinery and equipment	(164,119)	(6,418)		(170,537)
Transportation equipment	(84,733)	(11,948)		(96,681)
Water system	(3,445,189)	(148,635)		(3,593,824)
Total accumulated depreciation	(3,694,041)	(167,001)	-	(3,861,042)
Total capital assets, being depreciated, net	2,515,012	(122,101)	-	2,392,911
Business-type activities capital assets, net	\$2,534,612	\$ (122,101)	\$ -	\$2,412,511

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

Governmental activities:	
General government	\$ 64,890
Judicial system	1,415
Public safety	142,748
Public works	165,286
Health and welfare	33,810
Culture and recreation	32,664
Planning and community development	626
Total depreciation expense - governmental activities	\$ 441,439

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

Business-type activities:
Water system

\$ 167,001

Discretely Presented Component Unit

The Development Authority of Talbot County's capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 123,336	\$ -	\$ -	\$ 123,336
Capital assets being depreciated:				
Buildings	91,665			91,665
Furniture and equipment	1,442			1,442
Total capital assets being depreciated	93,107	-	-	93,107
Less, accumulated depreciation for:				
Buildings	(47,760)	(3,056)		(50,816)
Furniture and equipment	(1,442)			(1,442)
Total accumulated depreciation	(49,202)	(3,056)	-	(52,258)
Total capital assets being depreciated, net	43,905	(3,056)	-	40,849
Development Authority of Talbot County capital assets, net	<u>\$ 167,241</u>	<u>\$ (3,056)</u>	<u>\$ -</u>	<u>\$ 164,185</u>

Depreciation expense of the Development Authority of Talbot County was charged to functions as follows:

Business promotion and tourism

\$ 3,056

4. LONG-TERM DEBT

A. Revenue Bonds

Primary Government

The County's Water System Fund issues revenue bonds to make additions and improvements to the County's water system. The bonds are repaid through installments from the Water System Fund. The original amount of revenue bonds issued in prior years is \$2,439,800. Revenue bonds outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Improvements to water system - Water System Fund	5.000%	\$ 26,000
Improvements and additions to water system - Water System Fund	5.250%	632,282
Improvements and additions to water system - Water System Fund	5.125%	219,698
Water revenue refunding and improvements - Water System Fund	5.000%	<u>676,297</u>
		<u>\$ 1,554,277</u>

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

	Business-Type Activities	
	Principal	Interest
Year ending June 30:		
2019	\$ 65,519	\$ 78,413
2020	70,139	75,193
2021	59,307	71,325
2022	62,438	68,194
2023	65,734	64,898
2024-2028	384,202	268,958
2029-2033	497,170	155,990
2034-2038	230,992	56,155
2039-2041	118,776	7,930
	<u>\$ 1,554,277</u>	<u>\$ 847,056</u>

B. Capital Lease

Primary Government

The County has entered into lease agreements as a lessee for financing the acquisition of various equipment and vehicles for the governmental activities and for the business-type activities. Capital leases for the governmental activities are being repaid by the General Fund and TIA Fund. Capital leases for the business-type activities are being repaid through the Water System Fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The expense resulting from amortization of assets recorded under capital leases is included in depreciation expense.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 869,689	\$ 44,900
Less, accumulated depreciation	(499,894)	(8,566)
	<u>\$ 369,795</u>	<u>\$ 36,334</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 are as follows:

	Governmental Activities	Business-type Activities
Year ending June 30:		
2019	\$ 223,529	\$ 15,775
2020	236,227	15,775
2021	6,982	
Total minimum lease payments	466,738	31,550
Less, amount representing interest	(9,888)	(2,425)
Present value of minimum lease payments	<u>\$ 456,850</u>	<u>\$ 29,125</u>

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

C. Note Payable

Primary Government

The County has entered into a note payable for financing renovations of the County's courthouse. The total amount of the loan issued in prior years is \$1,106,000. In prior years, this note was being paid by the SPLOST Fund; however, beginning in the fiscal year ended June 30, 2018, the General Fund began servicing the debt. During this fiscal year, the General Fund and the SPLOST Fund paid \$8,561 and \$56,384 respectively. These amounts include principal and interest.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Renovations of courthouse	4.125%	\$ 190,605

Loans payable debt service requirements to maturity are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2019	\$ 57,058	\$ 7,887
2020	59,412	5,533
2021	61,862	3,082
2022	12,273	590
	<u>\$ 190,605</u>	<u>\$ 17,092</u>

D. Compensated Absences

Primary Government and Discretely Presented Component Unit

The County and Talbot County Department of Public Health accrue compensated absences for their employees. Both the governmental activities and business-type activities of the County and Talbot County Department of Public Health have compensated absences at June 30, 2018. Accrued compensated absences from the governmental activities of the County are repaid through the General Fund. Accrued compensated absences from the business-type activities of the County are repaid through the Water Fund. The Talbot County Department of Public Health compensated absences are repaid by Department of Public Health in the form of subsequent Grant-in-Aid payments to the Department.

E. Changes in Long-Term Liabilities

Primary Government

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One year</u>
Governmental activities:					
Capital leases	\$ 542,346	\$ 18,876	\$ 104,372	\$ 456,850	\$ 196,920
Note payable	245,426		54,821	190,605	57,058
Accrued compensated absences	183,538		107,987	75,551	22,665
Landfill postclosure costs	627,580		14,755	612,825	
Governmental activity long-term liabilities	<u>\$ 1,598,890</u>	<u>\$ 18,876</u>	<u>\$ 281,935</u>	<u>\$ 1,335,831</u>	<u>\$ 276,643</u>

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Business-type activities:					
Capital leases		\$ 44,900	\$ 15,775	\$ 29,125	\$ 14,173
Accrued compensated absences	\$ 21,113		6,501	14,612	4,384
Revenue bonds payable	1,617,112		62,835	1,554,277	65,519
Business-type activity long-term liabilities	<u>\$ 1,638,225</u>	<u>\$ 44,900</u>	<u>\$ 85,111</u>	<u>\$ 1,598,014</u>	<u>\$ 84,076</u>

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2018, the County interfund balances due to/from are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Proprietary Fund	\$ 306,785
TIA	General Fund	11,108
		<u>\$ 317,893</u>

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments to supplement operations outstanding at year end and other miscellaneous receivables/payables between funds. The amount not expected to be repaid within one year is \$219,000.

6. PENSION PLAN AND OTHER RETIREMENT BENEFITS

Primary Government

A. Pension Plan

Effective July 1, 2016, county employees are covered by the Association County Commissioners of Georgia Defined Contribution Plan Program, ACCG 401(a) Defined Contribution Plan for Talbot County Employees. This plan covers full time employees whom work at least thirty hours of service per week for compensation. Under the plan, the County contributes 6% of participating employee's compensation. Plan provisions and contribution requirements are established and may be amended by a resolution of the Talbot County Commission. Employees will also have the option to participate in a 457(b) Eligible Deferred Compensation Plan with no matching contributions from the County.

The County's contribution for the year ended June 30, 2018 was \$130,250. Total payroll for the year ended June 30, 2018 was \$2,422,465.

B. Other Retirement Benefits

The County participates in the following cost-sharing, multiple employer defined benefit pension plans with a special funding situation. Each fund issues plan reports which can be obtained from the plan administrators:

Sheriff's Retirement Fund of Georgia
Judges of the Probate Courts Retirement Fund of Georgia
Peace Officers' Annuity and Benefit Fund
Superior Court Clerks' Retirement Fund of Georgia

7. JOINT USE AGREEMENT

On August 4, 1992, the County entered into a joint services contract with the City of Manchester, Georgia regarding the City's water treatment facility. The contract entitles the County to 29% of the City's total water treatment plant capacity, 29% of the reservoir capacity and 29% of total water line capacity. The County in turn shares in the cost of operating and maintaining the water treatment facility based upon actual consumption by the County in relation to the

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

total production of the water treatment plant. Payments to the City are reported as water purchases in the statement of revenues, expenses and changes in fund net position for proprietary funds.

8. LANDFILL CLOSURE AND POSTCLOSURE COSTS

The Talbot County landfill ceased operation in April, 1994. State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and perform certain maintenance and monitoring functions at the site for thirty years after closure. The recognition of the liability for closure and postclosure care costs is based on landfill capacity used to date. As of June 30, 2018, 100% of the landfill capacity had been used and the landfill has no remaining life. The \$612,825 reported in the governmental activities long-term liabilities on the government-wide financials as landfill postclosure costs at June 30, 2018 represents the unpaid closure and postclosure costs based upon the most current estimate available, and there is no unrecognized liability at June 30, 2018. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Financial expenditures associated with the landfill are being repaid through the General Fund.

9. LITIGATION

Any pending law suits at June 30, 2018 are covered by insurance and should not materially affect the financial statements of Talbot County, Georgia.

10. CONTINGENT LIABILITIES

The activities of the General Fund include revenues received from Federal and State governments and expenditures related to Federal and State funded grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies' audits cannot be determined at this time, although the County believes it is in compliance with all related program requirements.

The County has a joint services contract with the City of Manchester, Georgia which entitles the County to 29% of the City's total water treatment plant capacity, 29% of the total reservoir capacity, and 29% of total water line capacity. During fiscal year ending June 30, 2018 the County's cost of water purchases through this contract totaled \$166,612, which included \$54,313 for an adjustment to the water rates for major repairs to the system mandated by State and Federal agencies. The County expects to incur more repairs and maintenance for the water treatment plant in future periods but the amount has not been determined.

11. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The County maintains commercial insurance coverage covering each of the above risks of loss.

There were no significant reductions of insurance coverage from coverage in the prior year.

Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the County.

Settled claims in the past three years have not exceeded the coverage.

Risk Pool - The County has elected to be a member of the Association County Commissioners of Georgia Group Self Insurance Workers' Compensation Fund (GSIWCF), a self-insurance risk pool created under Georgia law. As a participant in the GSIWCF, the County has no legal obligation to pay its own workers' compensation claims. The County is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the County's annual contribution, the County has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GSIWCF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

surplus or reserves. Since excess insurance is purchased by the GSIWCF to protect the Fund from catastrophic losses, no amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

12. JOINT VENTURES

River Valley Regional Commission – Under Georgia law, the County, in conjunction with other cities and counties in the central Georgia area, is a member of the River Valley Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2018, the County paid \$4,818 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes members from each county of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

River Valley Regional Commission
P.O. Box 1908
Columbus, Georgia 31902

Middle Flint Regional E9-1-1 Authority – Pursuant to the authority granted in OCGA Section 46-5-120 et. Seq., Talbot County is a "Participating County", together with Dooly, Macon, Marion, Schley, Sumter, Taylor, and Webster Counties, in the Middle Flint Regional E9-1-1 Authority (the "Authority"). The Authority is governed by an eight member board appointed by the participating counties. The Authority maintains custody and control of the equipment and furnishings at the E-911 Center, located in Ellaville, Georgia. Each Participating County holds interest in the title to the equipment in such portion as each county has subscribers as of January 1 of each year. The E-911 Center receives telephone calls relating to public safety and it provides emergency call answering services and dispatching. Funding for the E-911 Center is derived from a surcharge added to telephone subscribers in the eight Participating Counties. Operating costs not covered by the surcharge are paid by the Participating Counties on a pro-rata share determined by the revenue collections in each county. Talbot County contributed \$30,230 to the Authority during the twelve months ended June 30, 2018. Financial statements for the Middle Flint Regional E9-1-1 Authority can be obtained from:

Middle Flint Regional E9-1-1 Authority
222 Hayes Avenue
Ellaville, Georgia 31806

13. PRIOR PERIOD ADJUSTMENTS

Discretely Presented Component Unit

The Talbot County Department of Public Health's net position-beginning is restated due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement requires the recording of the employer portion of the Net OPEB Liability for Defined Benefit Health and Life Insurance Plans. The implementation of GASBS 75 requires retroactive application and restatement of all periods presented.

The effect of this change on Net Position-Beginning is:

Net Position as originally reported June 30, 2017	\$ 67,649
Effect of restatement:	
Net OPEB Liability - Health Insurance	(146,802)
Deferred Outflows of Health Insurance Contributions	14,331
Net OPEB Liability - Life Insurance	<u>10,742</u>
Net Position as restated June 30, 2017	<u>\$ (54,080)</u>

TALBOT COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Grant Funds	Law Library	Jail	DATE	Sheriff Drug Fund	
<u>Assets</u>						
Cash		\$ 13,531	\$ 111,680	\$ 46,028	\$ 10,307	\$ 181,546
Total assets	\$ -	\$ 13,531	\$ 111,680	\$ 46,028	\$ 10,307	\$ 181,546
<u>Liabilities</u>						
Accounts payable						
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Fund Balances</u>						
Restricted for:						
Law library		13,531				13,531
Jail			111,680			111,680
DATE				46,028		46,028
Sheriff drug fund					10,307	10,307
Total fund balances	-	13,531	111,680	46,028	10,307	181,546
Total liabilities and fund balances	\$ -	\$ 13,531	\$ 111,680	\$ 46,028	\$ 10,307	\$ 181,546

TALBOT COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Grant Funds	Law Library	Jail	DATE	Sheriff Drug fund	
Revenues:						
Fines, forfeitures, and court fees		\$ 2,811	\$ 13,977	\$ 5,491	\$ 17,201	\$ 39,480
Grant income	\$ 32,049					32,049
Interest			96	46	14	156
Total revenues	32,049	2,811	14,073	5,537	17,215	71,685
Expenditures:						
Current:						
Judicial system		2,762				2,762
Planning and community development	32,049					32,049
Public safety				3,706	11,216	14,922
Capital outlay:						
Public safety					8,072	8,072
Total expenditures	32,049	2,762	-	3,706	19,288	57,805
Excess (deficiency) of revenues over (under) expenditures	-	49	14,073	1,831	(2,073)	13,880
Net change in fund balances	-	49	14,073	1,831	(2,073)	13,880
Fund balances, beginning of year	-	13,482	97,607	44,197	12,380	167,666
Fund balances, end of year	\$ -	\$ 13,531	\$ 111,680	\$ 46,028	\$ 10,307	\$ 181,546

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - GRANT FUNDS
Year Ended June 30, 2018

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Grants and subsidies	\$ 32,049	\$ 32,049	\$ -
Total revenues	32,049	32,049	-
Expenditures:			
Current:			
Planning and community development	32,049	32,049	-
Total expenditures	32,049	32,049	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year		-	-
Fund balances, end of year	\$ -	\$ -	\$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - LAW LIBRARY
Year Ended June 30, 2018

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures, and court fees	\$ 2,811	\$ 2,811	\$ -
Total revenues	2,811	2,811	-
Expenditures:			
Current:			
Judicial system - Law library	2,762	2,762	-
Total expenditures	2,762	2,762	-
Excess (deficiency) of revenues over (under) expenditures	49	49	-
Net change in fund balances	49	49	-
Fund balances, beginning of year	13,482	13,482	-
Fund balances, end of year	\$ 13,531	\$ 13,531	\$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - JAIL
Year Ended June 30, 2018

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures, and court fees	\$ 13,977	\$ 13,977	\$ -
Interest	96	96	-
Total revenues	14,073	14,073	-
Expenditures:			
Capital outlay:			
Public safety			-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	14,073	14,073	-
Net change in fund balances	14,073	14,073	-
Fund balances, beginning of year	97,607	97,607	-
Fund balances, end of year	\$ 111,680	\$ 111,680	\$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - DATE
Year Ended June 30, 2018

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures, and court fees	\$ 5,491	\$ 5,491	\$ -
Interest	46	46	-
Total revenues	5,537	5,537	-
Expenditures:			
Current:			
Public safety	3,706	3,706	-
Total expenditures	3,706	3,706	-
Excess (deficiency) of revenues over (under) expenditures	1,831	1,831	-
Net change in fund balances	1,831	1,831	-
Fund balances, beginning of year	44,197	44,197	-
Fund balances, end of year	\$ 46,028	\$ 46,028	\$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - SHERIFF DRUG FUND
Year Ended June 30, 2018

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines and forfeitures	\$ 17,201	\$ 17,201	\$ -
Interest	14	14	-
	<u>17,215</u>	<u>17,215</u>	<u>-</u>
Total revenues			
Expenditures:			
Current:			
Public safety	11,216	11,216	-
Capital outlay:			
Public safety	8,072	8,072	-
	<u>19,288</u>	<u>19,288</u>	<u>-</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(2,073)</u>	<u>(2,073)</u>	<u>-</u>
Net change in fund balances	(2,073)	(2,073)	-
Fund balances, beginning of year	<u>12,380</u>	<u>12,380</u>	<u>-</u>
Fund balances, end of year	<u>\$ 10,307</u>	<u>\$ 10,307</u>	<u>\$ -</u>

TALBOT COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>TAX COMMISSIONER</u>				
<u>ASSETS</u>				
Cash	\$ 146,195	\$ 8,864,698	\$ 8,877,601	\$ 133,292
Receivables, taxes	266,189	334,415	266,189	334,415
Total assets	<u>\$ 412,384</u>	<u>\$ 9,199,113</u>	<u>\$ 9,143,790</u>	<u>\$ 467,707</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 412,384</u>	<u>\$ 467,707</u>	<u>\$ 412,384</u>	<u>\$ 467,707</u>
<u>CLERK SUPERIOR COURT</u>				
<u>ASSETS</u>				
Cash	<u>\$ 147,207</u>	<u>\$ 126,059</u>	<u>\$ 125,617</u>	<u>\$ 147,649</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 147,207</u>	<u>\$ 147,649</u>	<u>\$ 147,207</u>	<u>\$ 147,649</u>
<u>PROBATE COURT</u>				
<u>ASSETS</u>				
Cash	<u>\$ 16,421</u>	<u>\$ 219,193</u>	<u>\$ 216,308</u>	<u>\$ 19,306</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 16,421</u>	<u>\$ 19,306</u>	<u>\$ 16,421</u>	<u>\$ 19,306</u>
<u>MAGISTRATE COURT</u>				
<u>ASSETS</u>				
Cash	<u>\$ 751</u>	<u>\$ 37,503</u>	<u>\$ 37,318</u>	<u>\$ 936</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 751</u>	<u>\$ 936</u>	<u>\$ 751</u>	<u>\$ 936</u>
<u>SHERIFF</u>				
<u>ASSETS</u>				
Cash	<u>\$ 1,088</u>	<u>\$ 5,748</u>	<u>\$ 5,748</u>	<u>\$ 1,088</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 1,088</u>	<u>\$ 1,088</u>	<u>\$ 1,088</u>	<u>\$ 1,088</u>

TALBOT COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended June 30, 2018

<u>Project</u>	<u>Estimated Percent of Completion</u>	<u>Original Estimated Project Amount</u>	<u>Current Estimated Project Amount</u>	<u>Amount Expended Prior Years</u>	<u>Amount Expended Current Year</u>
Resolution #070102:					
Recreational facilities and equipment	73%	\$ 2,000,000	\$ 597,853	\$ 433,163	\$ 2,024
Public safety facilities	92%	2,000,000	597,853	545,248	5,004
Roads, streets, and bridge purposes	107%	3,500,000	1,046,242	1,117,661	
Courthouse	90%	1,500,000	448,389	404,784	
County Commissioners annex	73%	1,000,000	298,926	217,172	
Resolution #070107:					
Roads, streets, and bridge purposes	57%	\$ 1,200,000		\$ 684,829	
Public safety facilities	51%	400,000		188,369	\$ 15,061
Recreational facilities and equipment	29%	400,000		116,695	458
Courthouse	69%	1,600,000		1,109,737	
Town of Geneva	78%	100,000		77,866	
Town of Junction City	78%	100,000		77,866	
City of Talbotton	78%	100,000		77,866	
City of Woodland	78%	100,000		77,866	
Debt service				989,670	56,384
Resolution #070114:					
Jail construction	3%	\$ 1,200,000			\$ 39,077
Roads, streets, and bridge purposes	0%	800,000		\$ 88	
Recreational facilities and equipment	0%	1,200,000			
Public safety facilities and equipment	8%	400,000		4,002	26,628
Town of Geneva	38%	100,000		26,236	12,181
Town of Junction City	38%	100,000		26,236	12,180
City of Talbotton	38%	100,000		26,237	12,180
City of Woodland	38%	100,000		26,237	12,180

TALBOT COUNTY, GEORGIA
SOURCE AND APPLICATION OF FUNDS STATUS REPORT
COMMUNITY DEVELOPMENT BLOCK GRANT
Year Ended June 30, 2018

CDBG 14b-y-130-1-5700:

Total grant	\$ 575,175
Less, total funds drawn down by recipient for the year ended:	
June 30, 2018	(32,049)
June 30, 2017	(39,812)
June 30, 2016	<u>(153,958)</u>
Program funds available for future draw down	<u>\$ 349,356</u>
 Total program funds drawn down by recipient for the year ended June 30, 2018	 \$ 32,049
Add, program income applicable to the year ended June 30, 2018	<u>-</u>
Total program funds drawn by recipient and program income for the year ended June 30, 2018	<u>\$ 32,049</u>

TALBOT COUNTY, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
Year Ended June 30, 2018

Activity	Revised Budgeted Expenditures	Year Ended June 30, 2018	Prior Years	Questioned Cost
<u>CDBG 14b-y-130-1-5700:</u>				
A-21A-00	\$ 40,262		\$ 37,000	None
C-022-00	7,263			
H-14-A-01	137,801	\$ 23,169	80,848	None
H-14A-02	89,229	8,880	67,648	None
P-001-01	15,000		8,274	None
P-03K-01	149,000			
P-03K-2	136,620			
	<u>\$ 575,175</u>	<u>\$ 32,049</u>	<u>\$ 193,770</u>	

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES - EMS DEPARTMENT
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues:		
Charges for services	\$ 384,536	\$ 256,352
Total revenues	<u>384,536</u>	<u>256,352</u>
Expenditures:		
Salaries and fringe benefits	331,990	316,955
Bad debt expense	52,734	
Supplies	25,689	25,391
Telephone and utilities	10,099	8,707
Repairs and maintenance	31,642	8,712
Dues and licenses	5,464	5,464
Contract labor	17,693	16,597
Uniforms	2,006	
Miscellaneous	5,473	391
Total expenditures	<u>482,790</u>	<u>382,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (98,254)</u>	<u>\$ (125,865)</u>

INDEPENDENT AUDITORS' 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

To the Board of Commissioners
Talbot County, Georgia
Talbotton, Georgia 31827

We have audited, in accordance with the 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 Talbot County, Georgia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Talbot County, Georgia's basic financial statements and have issued our report thereon dated December 17, 2018. Our report includes a reference to other auditors who audited the financial statements of Talbot County Department of Public Health, as described in our report on Talbot County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings and responses that we consider to be significant deficiencies, as items 18-1 through 18-9.

COMPLIANCE AND OTHER MATTERS

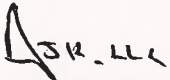
As part of obtaining reasonable assurance about whether Talbot County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

TALBOT COUNTY, GEORGIA'S RESPONSE TO FINDINGS

Talbot County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of audit findings and responses. Talbot County, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Manchester, Georgia
December 17, 2018

TALBOT COUNTY, GEORGIA
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
June 30, 2018

SIGNIFICANT DEFICIENCIES

18-1 Segregation of Duties

Condition and Criteria: Due to the small size of the County's staff, controls are not practical to provide adequate segregation of duties in the cash receipts and disbursements functions.

Effect: Because of the failure to separate control over cash, errors or fraud that might avoid detection are possible.

Recommendation: The County Commission should implement other internal controls in areas where segregation of duties is not practical.

Response: We continue to require dual signatures and review income and expenses regularly. Monitoring areas for increased segregation is an on-going process.

18-2 Controls Over Financial Statement Preparation

Condition and Criteria: County personnel do not currently possess the skills necessary to prepare the financial statements and related footnote disclosure in accordance with generally accepted accounting principles. This could result in the omission of a material financial statement element or disclosure that might not be detected by management.

Effect: The deficiency identified above could result in a material misstatement to the County's financial statements that would not be prevented or detected on a timely basis.

Recommendation: The County should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

Response: We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.

18-3 Sheriff Department Cash Receipt and Disbursement Procedures

Condition and Criteria: During our audit of the Sheriff department, we noted that cash receipts are not being deposited on a timely basis. We also noted that funds were not remitted to the County in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner could increase the risk of loss of funds due to misplacement. Failure to remit funds to the County could result in funds not being reported in the correct period.

Recommendation: The Sheriff department should make monthly deposits in a timely manner. They should also ensure checks are remitted timely.

Response: We concur.

TALBOT COUNTY, GEORGIA
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
June 30, 2018
(Continued)

18-4 Clerk of Superior Court Timely Deposits and Disbursements

Condition and Criteria: We noted during our audit of the Clerk of Superior Court that some receipts were not deposited in a timely manner. Also, receipts were not disbursed in the month following their receipt.

Effect: Failure to deposit cash receipts in a timely manner could increase the risk of loss of funds due to misplacement. Failure to disburse the previous month's receipt in a timely manner could result in inappropriate disbursements.

Recommendation: Cash receipts should be deposited in a timely manner, at least by the end of the month. Receipts should be disbursed in the month following their receipt.

Response: We concur.

18-5 Clerk of Superior Court Restitution Disbursements

Condition and Criteria: During our audit we noted that the Clerk of Superior Court had restitution and related fees collected that had not been paid out to restitution recipients or victims and appropriate agencies. Also, payments to the county were not remitted in a timely manner.

Effect: Failure to remit these funds in a timely manner causes the clerk's bank accounts to accumulate funds.

Recommendation: Restitution and related fees should be remitted each month as required by laws and regulations. If the payee cannot be located, a list of those funds should be maintained and turned over to the State at the appropriate time. Payments to the County should be made monthly.

Response: We concur. The Clerk will research how the funds have been receipted and disburse funds to the appropriate person or agency. The Clerk will ensure payments to the County are remitted monthly.

18-6 Cash Receipts

Condition and Criteria: During our audit we noted cash receipts were posted to the incorrect revenue general ledger account. Also, we noted request for reimbursements regarding the transit system was not prepared in a timely manner.

Effect: Failure to use the correct general ledger revenue account could cause misstatement of the financial statements. Not requesting reimbursements for transit system in a timely manner can result in a delay of revenue being reported in the correct period.

Recommendation: County personnel should ensure all cash receipts are posted to the accurate revenue account on the general ledger. They should also ensure all request for reimbursements are prepared in a timely manner.

Response: We concur. County personnel will review posting of cash receipts and ensure reimbursements are requested on a monthly basis.

TALBOT COUNTY, GEORGIA
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
June 30, 2018
(Continued)

18-7 Missing Documentation for Expenditures

Condition and Criteria:	We noted during our audit there were missing invoices for some of the credit card purchases and also missing documentation for casual labor for renovation projects.
Effect:	Failure to retain invoices and documentation of expenditures could result in fraudulent disbursements.
Recommendation:	All disbursements should be supported with an invoice or other documentation of services being rendered.
Response:	We concur. We will ensure all checks have the appropriate documentation to support the expenditure.

18-8 Payroll Tax Remittances

Condition and Criteria:	We noted during our audit that the 941 and state withholding payments had been made for more than the amount of the liability.
Effect:	This resulted in overpayments to the Internal Revenue Service and State of Georgia.
Recommendation:	County personnel should ensure the amount being paid agrees to the payroll reports for the reporting period.
Response:	We concur. County personnel will ensure payments are remitted for the correct amount and payments will be posted to general ledger as payments are made rather than monthly.

18-9 Accurate Bank Reconciliations

Condition and Criteria:	During our audit we noted the bank reconciliation at June 30, 2018 for the operating account did not agree to the general ledger.
Effect:	Not maintaining accurate bank reconciliations could result in misstatement of the financial statements.
Recommendation:	County personnel should ensure the bank reconciliations are prepared and compared to the balance on the general ledger to ensure all activity has been recorded properly.
Response:	We concur. Beginning with July 2018 the bank reconciliation will be prepared accurately. We will also work with our software consultant to implement a bank reconciliation in our accounting software.