

TOOMBS COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

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FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
of Toombs County, Georgia
Lyons, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Toombs County, Georgia** (the "County"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Toombs 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Toombs County Board of Health, which represents 5%, -5%, and 52%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Toombs County Board of 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Toombs County, Georgia as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 14, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of January 1, 2015. These standards significantly changed the accounting for the County's net pension liability and the related disclosures. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 10), the Schedule of Changes in the County's Net Pension Liability and Related Ratios, the Schedule of County Contributions, the Schedule of the Proportionate Share of the Net Pension Liability – Toombs County Health Department, and the Schedule of Contributions – Toombs County Health Department (on pages 55 – 58) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Toombs County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of Toombs County, Georgia. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for the purpose of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2016, on our consideration of Toombs 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 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 Toombs County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
July 26, 2016

TOOMBS COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2015

This section of Toombs County, Georgia's ("the County") annual financial report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2015.

Financial Highlights

- The assets of Toombs County exceeded its liabilities at December 31, 2015, by \$37,086,496 (net position). This represents an increase of \$1,800,340 or 5.1% from the prior year. Of this amount, \$14,794,693 is classified as unrestricted net position, which is an increase in unrestricted net position from the prior year of \$1,366,691.
- At December 31, 2015, the County's total governmental fund balances were \$21,213,015, an increase of \$1,716,534, or 8.8%, from the prior year. Of this amount, \$11,348,481 is unassigned and is reported in the General Fund. Unassigned fund balance increased \$1,199,514 or 15.7% from the prior year.
- The County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of January 1, 2015. This statement resulted in the recognition of a net pension liability of \$765,291 which is reflected in the following basic financial statements and discussed in detail in the accompanying notes to the financial statements.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Toombs County's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The governmental activities of the County include general government, judicial, public safety, public works, health and welfare, recreation, and housing and development.

The government-wide financial statements include not only Toombs County itself (known as the primary government), but also the Toombs County Development Authority and the Toombs County Health Department. These are legally separate entities that are component units of the County due to the significance of their operational or financial relationships with the County. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

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

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

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

Toombs County maintains governmental funds to account for the following activities: **General**; **Special Revenue** (Emergency Telephone, Revolving Loan, Jail, Law Library, and Jail Commissary); and **Capital Projects** (SPLOST and T-SPLOST).

Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and SPLOST funds, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Toombs County adopts an annual appropriated budget for its general, special revenue and proprietary funds. A budgetary comparison statement has been provided for the General Fund within the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds. Services for which the government charges customers a fee are generally reported in proprietary funds. The Landfill and Ambulance Funds are major enterprise funds and their business-like activities are reported with detail including cash flows.

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

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

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceed liabilities by \$37,086,496 at the close of the most recent fiscal year.

A large portion of the County's net position, 44.3%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Toombs County's Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014 (As restated)	2015	2014 (As restated)	2015	2014 (As restated)
Current and other assets	\$ 22,949,957	\$ 21,245,014	\$ 2,492,997	\$ 2,566,762	\$ 25,442,954	\$ 23,811,776
Capital assets	12,326,182	11,800,451	7,429,113	6,635,049	19,755,295	18,435,500
Total assets	35,276,139	33,045,465	9,922,110	9,201,811	45,198,249	42,247,276
Deferred outflows of resources	267,241	238,865	75,377	67,373	342,618	306,238
Other liabilities	912,614	870,488	548,106	471,328	1,460,720	1,341,816
Long-term liabilities outstanding	596,927	676,879	6,396,724	5,248,663	6,993,651	5,925,542
Total liabilities	1,509,541	1,547,367	6,944,830	5,719,991	8,454,371	7,267,358
Net position:						
Net investment in capital assets	12,259,740	11,670,303	4,179,029	4,808,557	16,438,769	16,478,860
Restricted	5,853,034	5,457,911	-	-	5,853,034	5,457,911
Unrestricted	15,921,065	14,608,749	(1,126,372)	(1,259,364)	14,794,693	13,349,385
Total net position	\$ 34,033,839	\$ 31,736,963	\$ 3,052,657	\$ 3,549,193	\$ 37,086,496	\$ 35,286,156

MANAGEMENT'S DISCUSSION AND ANALYSIS

At the end of the current fiscal year, Toombs County is able to report positive balances in all categories of net position for the government activities.

Toombs County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 1,667,474	\$ 1,708,592	\$ 3,394,625	\$ 3,212,304	\$ 5,062,099	\$ 4,920,896
Operating grants and contributions	170,227	1,113,858	-	-	170,227	1,113,858
Capital grants and contributions	10,283	491,905	-	-	10,283	491,905
General revenues:						
Property taxes	7,314,439	7,135,775	-	-	7,314,439	7,135,775
Sales taxes	6,831,801	7,217,065	-	-	6,831,801	7,217,065
Other taxes	774,556	739,869	-	-	774,556	739,869
Unrestricted investment earnings	22,590	24,817	2,520	1,507	25,110	26,324
Other revenues	-	11,010	-	-	-	11,010
Total revenues	<u>16,791,370</u>	<u>18,442,891</u>	<u>3,397,145</u>	<u>3,213,811</u>	<u>20,188,515</u>	<u>21,656,702</u>
Expenses:						
General government	5,874,121	6,027,780	-	-	5,874,121	6,027,780
Judicial	1,307,626	1,309,084	-	-	1,307,626	1,309,084
Public safety	4,013,333	4,063,359	-	-	4,013,333	4,063,359
Public works	2,492,427	2,603,869	-	-	2,492,427	2,603,869
Health and welfare	241,020	257,573	-	-	241,020	257,573
Culture and recreation	249,053	399,763	-	-	249,053	399,763
Housing and development	179,055	160,897	-	-	179,055	160,897
Interest on long-term debt	5,465	8,145	-	-	5,465	8,145
Ambulance	-	-	2,331,830	2,361,479	2,331,830	2,361,479
Landfill	-	-	1,694,245	1,485,560	1,694,245	1,485,560
Total expenses	<u>14,362,100</u>	<u>14,830,470</u>	<u>4,026,075</u>	<u>3,847,039</u>	<u>18,388,175</u>	<u>18,677,509</u>
Change in net position before transfers	<u>2,429,270</u>	<u>3,612,421</u>	<u>(628,930)</u>	<u>(633,228)</u>	<u>1,800,340</u>	<u>2,979,193</u>
Transfers	<u>(132,394)</u>	<u>(66,187)</u>	<u>132,394</u>	<u>66,187</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2,296,876</u>	<u>3,546,234</u>	<u>(496,536)</u>	<u>(567,041)</u>	<u>1,800,340</u>	<u>2,979,193</u>
Net position, beginning of year, as restated	<u>31,736,963</u>	<u>28,164,545</u>	<u>3,549,193</u>	<u>4,221,035</u>	<u>35,286,156</u>	<u>32,385,580</u>
Prior period adjustments	<u>-</u>	<u>26,184</u>	<u>-</u>	<u>(104,801)</u>	<u>-</u>	<u>(78,617)</u>
Net position, end of year	<u>\$ 34,033,839</u>	<u>\$ 31,736,963</u>	<u>\$ 3,052,657</u>	<u>\$ 3,549,193</u>	<u>\$ 37,086,496</u>	<u>\$ 35,286,156</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

The changes in net position between fiscal years 2015 and 2014 were affected by the following:

- Net change in total revenues is a decrease of \$1,468,187 or -6.8%.
- Operating and capital grants and contributions revenue decreased \$943,631 and \$481,622, respectively. This was primarily the result of the receipts of the Local Maintenance and Improvement grant and the Community Development Block grant in 2014 while there were no such receipts in 2015.
- Property tax revenue increased 2.5% as a result of the increased County-Wide collections.
- Sales tax revenue decreased 5.3% as a result of decreased collections.
- General government expenditures decreased \$153,659 or 2.5.
- Public works expenditures decreased \$150,710 or 37.7% due to fluctuations in the amount and progress of road projects.

Business-type activities.

- The Toombs County Landfill Fund produced an operating loss of \$247,152 before interest. This loss was increased by \$83,675 in net nonoperating expenses, allowing for a total decrease in net position of \$330,820 for the current fiscal year.
- The Toombs County Ambulance Fund produced an operating loss of \$298,110 before interest and capital contributions. This loss was partially offset by \$132,394 in capital contributions, allowing for a total decrease in net position of \$165,716 during the current fiscal year.

Financial Analysis of the Government's Funds

Governmental funds. The focus of Toombs County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the chief operating fund of Toombs County. At the end of the current fiscal year, non-spendable fund balance was \$649,228 for prepaid items and advances to other funds, assigned fund balance of the General Fund was \$3,336,512 for landfill post closure care costs and unassigned was \$11,348,481, while the total fund balance was \$15,334,221.

As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Non-spendable fund balance represents 6.4% of total General Fund expenditures, assigned fund balance represents 33.1%, and unassigned fund balance represents 112.5%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SPLOST Fund

The SPLOST (special purpose local option sales tax) referendum passed on June 12, 2008. Proceeds of \$15,770,000 will fund multiple capital projects which began in 2009. At the end of the current fiscal year, SPLOST expenditures were \$4.0 million, revenues were \$4.6 million and the ending fund balance was \$4.2 million. Project spending for the SPLOST Fund is in its seventh year.

Proprietary funds. Toombs County's proprietary fund provides that same type of information found in the government-wide financial statements, but in more detail. The County's only proprietary funds are the Landfill and Ambulance Funds. At the end of the current fiscal year, unrestricted net position for the Landfill and Ambulance funds were \$(908,077) and \$(218,295), respectively.

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Capital assets. Toombs County's investment in capital assets for its governmental activities as of December 31, 2015, amounts to \$12,326,182 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure.

Toombs County's Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 406,988	\$ 406,988	\$ 1,420,174	\$ 1,420,174	\$ 1,827,162	\$ 1,827,162
Land (landfill)	-	-	3,935,756	3,117,124	3,935,756	3,117,124
Buildings	2,932,656	3,053,022	632,719	707,575	3,565,375	3,760,597
Improvements	558,170	586,855	-	-	558,170	586,855
Infrastructure	6,040,254	5,462,547	-	-	6,040,254	5,462,547
Furniture and fixtures	113,160	109,819	-	-	113,160	109,819
Machinery and equipment	2,274,954	2,181,220	1,440,464	1,390,176	3,715,418	3,571,396
Total	\$ 12,326,182	\$ 11,800,451	\$ 7,429,113	\$ 6,635,049	\$ 19,755,295	\$ 18,435,500

Additional information on the County's capital assets can be found in Note 6 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Debt. Toombs County's long-term debt for the year ended December 31, 2015, is summarized below.

Toombs County's Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Notes payable	\$ 66,442	\$ 130,148	\$ -	\$ -	\$ 66,442	\$ 130,148
Revenue bonds payable	-	-	3,250,084	-	3,250,084	-
Compensated absences	196,799	189,120	34,997	28,988	231,796	218,108
Landfill closure and postclosure costs	-	-	3,388,482	3,300,188	3,388,482	3,300,188
Net pension liability	596,927	610,437	168,364	172,174	765,291	782,611
Total	<u>\$ 860,168</u>	<u>\$ 929,705</u>	<u>\$ 6,841,927</u>	<u>\$ 3,501,350</u>	<u>\$ 7,702,095</u>	<u>\$ 4,431,055</u>

The Note payable represents debt to the United States Department of Agriculture for equipment purchases and it matures in 2016.

The Revenue bonds payable represent debt to a financial institution for landfill expansion.

Engineering and post-closure costs associated with closure and post-closure care costs of Toombs County's landfills are estimated to be approximately \$3,338,482 and are recorded as a long-term liability of the Landfill Fund.

Additional information regarding the County's long-term debt can be found in Note 7 and Note 10 of this report.

Economic Factors and Next Year's Budgets

- The millage rate was reduced by 0.045% of a mill.
- Tax Digest increased approximately 1% or \$1.5 million.
- Local Option Sales Tax revenues were down approximately 4% as compared to 2014.
- No new revenue sources.
- Cash Reserves have increased.

These items were taken into account when adopting the general fund budget for 2015.

Most budgeted expenditures are expected to remain constant. The County departments will be expected to use a conservative approach to budgeting.

Requests for Information

This Management Discussion and Analysis and the accompanying financial reports and notes are designed to provide our citizens, taxpayers and elected officials with a general overview and analysis of the County's financial and economic condition. The information contained herein includes analysis of current conditions and representations by the management of Toombs County and we are responsible for their content. It is our mission to ensure that the County be accountable for the revenues we receive from our citizens. If you have any questions or comments about this report, please contact our County Manager at P.O. Box 112, Lyons, GA 30436.

BASIC FINANCIAL STATEMENTS

TOOMBS COUNTY, GEORGIA

**STATEMENT OF NET POSITION
DECEMBER 31, 2015**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Development Authority	Health Department
ASSETS					
Cash and cash equivalents	\$ 19,042,889	\$ 1,770,103	\$ 20,812,992	\$ 1,023,867	\$ 404,306
Restricted cash	-	505,530	505,530	-	-
Taxes receivable	1,660,233	-	1,660,233	464,166	-
Accounts receivable, net of allowances	66,964	521,648	588,612	184,669	-
Leases receivable	-	-	-	200,000	-
Due from other governments	642,168	15,857	658,025	-	34,260
Internal balances	320,141	(320,141)	-	-	-
Due from component unit	888,475	-	888,475	-	-
Prepaid items	329,087	-	329,087	6,847	-
Other current assets	-	-	-	10,000	-
Other noncurrent assets	-	-	-	180,000	-
Capital assets, non-depreciable	406,988	1,420,174	1,827,162	2,400,688	-
Capital assets, depreciable, net of accumulated depreciation	11,919,194	6,008,939	17,928,133	3,738,644	1,519
Total assets	<u>35,276,139</u>	<u>9,922,110</u>	<u>45,198,249</u>	<u>8,208,881</u>	<u>440,085</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension	267,241	75,377	342,618	-	114,178
LIABILITIES					
Accounts payable	176,164	21,076	197,240	-	-
Accrued liabilities	215,340	81,827	297,167	-	-
Unearned revenues	7,260	-	7,260	-	-
Due to other governments	250,609	-	250,609	-	-
Due to primary government	-	-	-	888,475	-
Borrowings under line of credit	-	-	-	400	-
Compensated absences due within one year	196,799	34,997	231,796	-	22,099
Compensated absences due in more than one year	-	-	-	-	22,098
Notes payable due in within one year	66,442	-	66,442	1,268,688	-
Notes payable due in more than one year	-	-	-	522,313	-
Bonds payable due within one year	-	358,236	358,236	-	-
Bonds payable due in more than one year	-	2,891,848	2,891,848	-	-
Landfill closure and postclosure care due within one year	-	51,970	51,970	-	-
Landfill closure and postclosure care costs due in more than one year	-	3,336,512	3,336,512	-	-
Net pension liability	596,927	168,364	765,291	-	636,892
Total liabilities	<u>1,509,541</u>	<u>6,944,830</u>	<u>8,454,371</u>	<u>2,679,876</u>	<u>681,089</u>
DEFERRED INFLOWS OF RESOURCES					
Pension	-	-	-	-	155,446
NET POSITION					
Net investment in capital assets	12,259,740	4,179,029	16,438,769	4,348,331	1,519
Restricted for:					
Judicial programs	26,427	-	26,427	-	-
Public safety	277,397	-	277,397	-	-
Economic development	888,475	-	888,475	-	-
Capital improvements	4,660,735	-	4,660,735	-	-
Prior year program income	-	-	-	-	187,801
Unrestricted	15,921,065	(1,126,372)	14,794,693	1,180,674	(471,592)
Total net position	<u>\$ 34,033,839</u>	<u>\$ 3,052,657</u>	<u>\$ 37,086,496</u>	<u>\$ 5,529,005</u>	<u>\$ (282,272)</u>

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

TOOMBS COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Development	Health
								Authority	Department
Primary government:									
Governmental activities:									
General government	\$ 5,874,121	\$ 487,371	\$ 170,227	\$ 10,283	\$ (5,206,240)	\$ -	\$ (5,206,240)	\$ -	\$ -
Judicial	1,307,626	434,387	-	-	(873,239)	-	(873,239)	-	-
Public safety	4,013,333	745,716	-	-	(3,267,617)	-	(3,267,617)	-	-
Public works	2,492,427	-	-	-	(2,492,427)	-	(2,492,427)	-	-
Health and welfare	241,020	-	-	-	(241,020)	-	(241,020)	-	-
Culture and recreation	249,053	-	-	-	(249,053)	-	(249,053)	-	-
Housing and development	179,055	-	-	-	(179,055)	-	(179,055)	-	-
Interest on long-term debt	5,465	-	-	-	(5,465)	-	(5,465)	-	-
Total governmental activities	<u>14,362,100</u>	<u>1,667,474</u>	<u>170,227</u>	<u>10,283</u>	<u>(12,514,116)</u>	<u>-</u>	<u>(12,514,116)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Toombs County Landfill	1,694,245	1,360,905	-	-	-	(333,340)	(333,340)	-	-
Toombs County Ambulance	2,331,830	2,033,720	-	-	-	(298,110)	(298,110)	-	-
Total business-type activities	<u>4,026,075</u>	<u>3,394,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(631,450)</u>	<u>(631,450)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 18,388,175</u>	<u>\$ 5,062,099</u>	<u>\$ 170,227</u>	<u>\$ 10,283</u>	<u>(12,514,116)</u>	<u>(631,450)</u>	<u>(13,145,566)</u>	<u>-</u>	<u>-</u>
Component units:									
Development Authority	\$ 572,207	\$ -	\$ 801,226	\$ -	-	-	-	229,019	-
Health Department	867,554	275,169	605,801	-	-	-	-	-	13,416
Total component units	<u>\$ 1,439,761</u>	<u>\$ 275,169</u>	<u>\$ 1,407,027</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,019</u>	<u>13,416</u>
General revenues:									
Property taxes					7,314,439	-	7,314,439	-	-
Sales taxes					6,831,801	-	6,831,801	-	-
Insurance premium tax					650,063	-	650,063	-	-
Alcoholic beverages tax					72,371	-	72,371	-	-
Other taxes					52,122	-	52,122	-	-
Unrestricted investment earnings					22,590	2,520	25,110	928	-
Gain on sale of capital assets					-	-	-	8,474	-
Transfers					(132,394)	132,394	-	-	-
Total general revenues and transfers					<u>14,810,992</u>	<u>134,914</u>	<u>14,945,906</u>	<u>9,402</u>	<u>-</u>
Change in net position					2,296,876	(496,536)	1,800,340	238,421	13,416
Net position, beginning of year, as restated					31,736,963	3,549,193	35,286,156	5,290,584	(295,688)
Net position, end of year					<u>\$ 34,033,839</u>	<u>\$ 3,052,657</u>	<u>\$ 37,086,496</u>	<u>\$ 5,529,005</u>	<u>\$ (282,272)</u>

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

TOOMBS COUNTY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	<u>General</u>	<u>SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 14,250,568	\$ 4,064,330	\$ 727,991	\$ 19,042,889
Taxes receivable	1,660,233	-	-	1,660,233
Accounts receivable	-	-	66,964	66,964
Due from other governments	180,652	428,392	33,124	642,168
Due from component unit	-	-	888,475	888,475
Prepaid items	329,087	-	-	329,087
Advances to other funds	320,141	-	-	320,141
Total assets	<u>\$ 16,740,681</u>	<u>\$ 4,492,722</u>	<u>\$ 1,716,554</u>	<u>\$ 22,949,957</u>
LIABILITIES				
Accounts payable	\$ 114,503	\$ 56,353	\$ 5,308	\$ 176,164
Accrued liabilities	196,889	-	18,212	215,101
Due to other governments	-	250,609	-	250,609
Unearned revenue	9,260	-	-	9,260
Total liabilities	<u>320,652</u>	<u>306,962</u>	<u>23,520</u>	<u>651,134</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,085,808	-	-	1,085,808
Total deferred inflows of resources	<u>1,085,808</u>	<u>-</u>	<u>-</u>	<u>1,085,808</u>
FUND BALANCES				
Fund balances:				
Nonspendable:				
Prepaid items	329,087	-	-	329,087
Advances to other funds	320,141	-	-	320,141
Restricted for:				
Judicial programs	-	-	26,427	26,427
Public safety	-	-	277,397	277,397
Economic development	-	-	888,475	888,475
Capital improvements	-	4,185,760	474,975	4,660,735
Assigned for:				
Landfill postclosure care costs	3,336,512	-	-	3,336,512
Jail commissary activities	-	-	25,760	25,760
Unassigned	11,348,481	-	-	11,348,481
Total fund balances	<u>15,334,221</u>	<u>4,185,760</u>	<u>1,693,034</u>	<u>21,213,015</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,740,681</u>	<u>\$ 4,492,722</u>	<u>\$ 1,716,554</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,326,182
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,087,808
Deferred outflows of resources related to the recording of the net pension liability are recognized as expense over time and, therefore, are not reported in the funds.	267,241
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(860,407)</u>
Net position of governmental activities	<u>\$ 34,033,839</u>

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

TOOMBS COUNTY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 7,357,970	\$ -	\$ -	\$ 7,357,970
Sales taxes	1,917,070	4,549,897	364,834	6,831,801
Other taxes	774,556	-	-	774,556
Licenses and permits	23,047	-	-	23,047
Intergovernmental	170,227	-	-	170,227
Charges for services	609,325	-	425,641	1,034,966
Fines and forfeitures	422,193	-	45,802	467,995
Interest income	10,838	10,283	11,752	32,873
Miscellaneous	117,463	-	24,003	141,466
Total revenues	<u>11,402,689</u>	<u>4,560,180</u>	<u>872,032</u>	<u>16,834,901</u>
Expenditures				
Current:				
General government	3,159,477	-	-	3,159,477
Judicial	1,302,060	-	9,794	1,311,854
Public safety	2,999,942	-	691,905	3,691,847
Public works	2,068,320	-	209,430	2,277,750
Health and welfare	194,655	-	-	194,655
Culture and recreation	187,414	-	-	187,414
Housing and development	179,055	-	-	179,055
Intergovernmental	-	2,659,444	-	2,659,444
Capital outlay	-	1,272,678	114,793	1,387,471
Debt service:				
Principal	-	63,706	-	63,706
Interest and fiscal charges	-	5,694	-	5,694
Total expenditures	<u>10,090,923</u>	<u>4,001,522</u>	<u>1,025,922</u>	<u>15,118,367</u>
Net change in fund balances	1,311,766	558,658	(153,890)	1,716,534
Fund balances, beginning of year, as restated	<u>14,022,455</u>	<u>3,627,102</u>	<u>1,846,924</u>	<u>19,496,481</u>
Fund balances, end of year	<u>\$ 15,334,221</u>	<u>\$ 4,185,760</u>	<u>\$ 1,693,034</u>	<u>\$ 21,213,015</u>

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

TOOMBS COUNTY, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

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

Net change in fund balances - total governmental funds	\$ 1,716,534
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	528,684
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(2,953)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(43,531)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	63,706
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>34,436</u>
	<u>\$ 2,296,876</u>

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

TOOMBS COUNTY, GEORGIA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 6,023,500	\$ 6,387,536	\$ 7,357,970	\$ 970,434
Sales taxes	1,850,000	1,984,003	1,917,070	(66,933)
Other taxes	715,000	715,000	774,556	59,556
Licenses and permits	5,000	5,000	23,047	18,047
Intergovernmental	149,150	149,150	170,227	21,077
Charges for services	547,000	547,000	609,325	62,325
Fines and forfeitures	438,000	438,000	422,193	(15,807)
Investment income	10,000	10,000	10,838	838
Miscellaneous	62,678	62,678	117,463	54,785
Total revenues	<u>9,800,328</u>	<u>10,298,367</u>	<u>11,402,689</u>	<u>1,104,322</u>
Expenditures:				
Current:				
General government:				
County commissioners	72,637	72,637	71,341	1,296
County manager	102,294	102,294	101,098	1,196
Elections	103,370	105,370	105,288	82
General administration	1,663,048	1,663,048	1,582,144	80,904
Financial administration	188,485	188,485	179,808	8,677
Law	50,000	50,000	30,391	19,609
Tax commissioner	258,936	268,936	270,275	(1,339)
Tax assessor	326,427	326,427	307,763	18,664
Board of equalization	5,000	5,000	1,152	3,848
Public buildings	445,808	521,808	510,217	11,591
Total general government	<u>3,216,005</u>	<u>3,304,005</u>	<u>3,159,477</u>	<u>144,528</u>
Judicial:				
Superior court	95,232	95,232	81,047	14,185
Clerk of superior court	349,781	349,781	345,665	4,116
District attorney	219,230	219,230	219,230	-
State court	98,479	98,479	84,689	13,790
Magistrate court	194,659	194,659	195,389	(730)
Probate court	117,912	123,812	125,334	(1,522)
Public defender	137,018	137,018	118,293	18,725
Solicitor	89,992	89,992	89,562	430
Juvenile court	41,054	41,054	42,851	(1,797)
Total judicial	<u>1,343,357</u>	<u>1,349,257</u>	<u>1,302,060</u>	<u>47,197</u>
Public safety:				
Sheriff	1,184,914	1,237,914	1,253,727	(15,813)
Jail	1,329,266	1,394,266	1,406,762	(12,496)
Court security	32,410	37,610	38,332	(722)
Fire	104,840	146,370	143,990	2,380
Coroner	26,890	26,890	23,651	3,239
Animal control	74,061	74,061	56,153	17,908
Emergency management	74,389	77,689	77,327	362
Total public safety	<u>2,826,770</u>	<u>2,994,800</u>	<u>2,999,942</u>	<u>(5,142)</u>
Public works:				
Highways and streets	1,069,704	1,599,856	1,605,761	(5,905)
Solid waste collection	420,423	420,423	391,819	28,604
Maintenance and shop	66,744	70,244	70,740	(496)
Total public works	<u>1,556,871</u>	<u>2,090,523</u>	<u>2,068,320</u>	<u>22,203</u>

(Continued)

TOOMBS COUNTY, GEORGIA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures (continued):				
Current (continued):				
Health and welfare:				
Health department buildings	\$ 131,190	\$ 131,190	\$ 130,840	\$ 350
DFCS	59,560	59,560	57,216	2,344
Community services	11,209	11,209	6,599	4,610
Total health and welfare	<u>201,959</u>	<u>201,959</u>	<u>194,655</u>	<u>7,304</u>
Culture and recreation:				
Recreation	109,431	132,156	141,414	(9,258)
Library	46,000	46,000	46,000	-
Total culture and recreation	<u>155,431</u>	<u>178,156</u>	<u>187,414</u>	<u>(9,258)</u>
Housing and development:				
Extension service	69,572	69,572	69,096	476
Georgia Forestry Commission	15,706	23,559	23,559	-
Code enforcement	42,195	49,095	49,159	(64)
Economic development	11,700	11,700	11,700	-
Community development	15,877	25,741	25,541	200
Total housing and development	<u>155,050</u>	<u>179,667</u>	<u>179,055</u>	<u>612</u>
Total expenditures	<u>9,455,443</u>	<u>10,298,367</u>	<u>10,090,923</u>	<u>207,444</u>
Excess of revenues over expenditures	<u>344,885</u>	<u>-</u>	<u>1,311,766</u>	<u>1,311,766</u>
Other financing uses:				
Transfers out	(344,885)	-	-	-
Total other financing uses	<u>(344,885)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>1,311,766</u>	<u>1,311,766</u>
Fund balance, beginning of year, as restated	<u>14,022,455</u>	<u>14,022,455</u>	<u>14,022,455</u>	<u>-</u>
Fund balance, end of year	<u>\$ 14,022,455</u>	<u>\$ 14,022,455</u>	<u>\$ 15,334,221</u>	<u>\$ 1,311,766</u>

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

TOOMBS COUNTY, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015**

ASSETS	Landfill	Ambulance	Totals
CURRENT ASSETS			
Cash	\$ 1,770,103	\$ -	\$ 1,770,103
Restricted cash	505,530	-	505,530
Accounts receivable	246,184	275,464	521,648
Due from other governments	-	15,857	15,857
Total current assets	<u>2,521,817</u>	<u>291,321</u>	<u>2,813,138</u>
NONCURRENT ASSETS			
Capital assets:			
Non-depreciable	1,420,174	-	1,420,174
Depreciable, net of accumulated depreciation	<u>5,324,645</u>	<u>684,294</u>	<u>6,008,939</u>
Total capital assets	<u>6,744,819</u>	<u>684,294</u>	<u>7,429,113</u>
Total noncurrent assets	<u>6,744,819</u>	<u>684,294</u>	<u>7,429,113</u>
Total assets	<u>9,266,636</u>	<u>975,615</u>	<u>10,242,251</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	<u>6,853</u>	<u>68,524</u>	<u>75,377</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 7,802	\$ 13,274	\$ 21,076
Accrued liabilities	12,217	69,610	81,827
Compensated absences payable, current	12,940	22,057	34,997
Revenue bonds payable, current portion	358,236	-	358,236
Accrued closure / post-closure costs, current portion	<u>51,970</u>	<u>-</u>	<u>51,970</u>
Total current liabilities	<u>443,165</u>	<u>104,941</u>	<u>548,106</u>
LONG-TERM LIABILITIES			
Advances from other funds	-	320,141	320,141
Revenue bonds payable, net of current portion	2,891,848	-	2,891,848
Accrued closure / post-closure costs	3,336,512	-	3,336,512
Net pension liability	<u>15,306</u>	<u>153,058</u>	<u>168,364</u>
Total long-term liabilities	<u>6,243,666</u>	<u>473,199</u>	<u>6,716,865</u>
Total liabilities	<u>6,686,831</u>	<u>578,140</u>	<u>7,264,971</u>
NET POSITION			
Net investment in capital assets	3,494,735	684,294	4,179,029
Unrestricted	<u>(908,077)</u>	<u>(218,295)</u>	<u>(1,126,372)</u>
Total net position	<u>\$ 2,586,658</u>	<u>\$ 465,999</u>	<u>\$ 3,052,657</u>

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

TOOMBS COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

	<u>Landfill</u>	<u>Ambulance</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Landfill use fees	\$ 1,353,121	\$ -	\$ 1,353,121
Ambulance services	-	1,843,442	1,843,442
Miscellaneous	7,784	-	7,784
Intergovernmental revenues	-	190,278	190,278
Total operating revenues	<u>1,360,905</u>	<u>2,033,720</u>	<u>3,394,625</u>
Operating expenses:			
Personal services	293,834	1,720,463	2,014,297
Purchased/contracted services	254,399	121,119	375,518
Supplies and materials	193,599	142,881	336,480
Repairs and maintenance	-	145,986	145,986
Utilities	73,685	92,843	166,528
Depreciation	792,540	108,538	901,078
Total operating expenses	<u>1,608,057</u>	<u>2,331,830</u>	<u>3,939,887</u>
Operating loss	<u>(247,152)</u>	<u>(298,110)</u>	<u>(545,262)</u>
Nonoperating revenue (expense):			
Investment income	2,520	-	2,520
Interest expense	(86,188)	-	(86,188)
Total nonoperating expense, net	<u>(83,668)</u>	<u>-</u>	<u>(83,668)</u>
Loss before contributions	(330,820)	(298,110)	(628,930)
Capital contributions	<u>-</u>	<u>132,394</u>	<u>132,394</u>
Change in net position	<u>(330,820)</u>	<u>(165,716)</u>	<u>(496,536)</u>
Net position, beginning of year, as restated	<u>2,917,478</u>	<u>631,715</u>	<u>3,549,193</u>
Net position, end of year	<u>\$ 2,586,658</u>	<u>\$ 465,999</u>	<u>\$ 3,052,657</u>

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

TOOMBS COUNTY, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	<u>Landfill</u>	<u>Ambulance</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,336,976	\$ 2,058,861	\$ 3,395,837
Payments to suppliers and service providers	(759,236)	(468,205)	(1,227,441)
Payments to employees	(285,388)	(1,712,632)	(1,998,020)
Net cash provided by (used in) operating activities	<u>292,352</u>	<u>(121,976)</u>	<u>170,376</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of property and equipment	(1,546,283)	(16,465)	(1,562,748)
Proceeds from the issuance of revenue bonds	1,569,889	-	1,569,889
Principal paid on revenue bonds	(146,297)	-	(146,297)
Interest paid	(86,188)	-	(86,188)
Net cash used in capital and related financing activities	<u>(208,879)</u>	<u>(16,465)</u>	<u>(225,344)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	2,520	-	2,520
Net cash provided by investing activities	<u>2,520</u>	<u>-</u>	<u>2,520</u>
Net increase (decrease) in cash and cash equivalents	85,993	(138,441)	(52,448)
Cash and cash equivalents:			
Beginning of year	<u>2,189,640</u>	<u>138,441</u>	<u>2,328,081</u>
End of year	<u>\$ 2,275,633</u>	<u>\$ -</u>	<u>\$ 2,275,633</u>
Classified as:			
Cash	1,770,103	-	1,770,103
Restricted cash	505,530	-	505,530
	<u>\$ 2,275,633</u>	<u>\$ -</u>	<u>\$ 2,275,633</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (247,152)	\$ (298,110)	\$ (545,262)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	792,540	108,538	901,078
(Increase) decrease in:			
Accounts receivable	(23,929)	25,498	1,569
Due from other governments	-	(357)	(357)
Increase in deferred outflows of resources	(728)	(7,276)	(8,004)
Increase (decrease) in:			
Accounts payable	(263,822)	(35,692)	(299,514)
Accrued liabilities	5,323	4,945	10,268
Compensated absences	3,123	2,886	6,009
Due to other funds	(60,951)	(239,085)	(300,036)
Advances from other funds	-	320,141	320,141
Accrued closure/post-closure costs	88,294	-	88,294
Net pension liability	(346)	(3,464)	(3,810)
Net cash provided by (used in) operating activities	<u>\$ 292,352</u>	<u>\$ (121,976)</u>	<u>\$ 170,376</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Purchase of assets by other funds	\$ -	\$ 132,394	\$ 132,394
Total noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ 132,394</u>	<u>\$ 132,394</u>

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

TOOMBS COUNTY, GEORGIA

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2015**

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 2,903,387
Taxes receivable	1,797,283
Total assets	<u>\$ 4,700,670</u>
LIABILITIES	
Due to others	\$ 2,903,387
Uncollected taxes	1,797,283
Total liabilities	<u>\$ 4,700,670</u>

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

TOOMBS COUNTY, GEORGIA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

Toombs County was established under the provisions of an act of the General Assembly of Georgia on August 18, 1905. The County operates under a County Commissioner form of government (five commissioners are elected by district with the Chairman elected at large from the county), and provides the following services as authorized by state law: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

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

Toombs County Health Department

The Toombs County Health Department (the "Health Department") provides public health services to the residents of Toombs County under a contract with the Georgia Department of Human Resources. Although the County does not have the authority to approve or modify the budget of the Health Department, the County is obligated to provide financial support to the Health Department. The Health Department has a June 30th year-end. The Health Department's statements have been prepared separately and can be obtained by writing to the Toombs County Health Department, 714 NW Broad Street, Lyons, Georgia 30436.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Development Authority of Toombs County, Georgia

The governing board of the Development Authority of Toombs County, Georgia (the "Development Authority") consists of seven members appointed by the Toombs County Board of Commissioners. The Development Authority is responsible for promoting industrial and commercial development within Toombs County. Although the County does not have the authority to approve or modify the budget of the Development Authority, the County does provide financial support to the Development Authority and is obligated to provide funding to repay the Development Authority's bonded debt. Separately issued financial statements are not available for the Development Authority.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Special Purpose Local Option Sales Tax Fund** accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for road and drainage improvements, public safety projects, recreation projects, public building projects, County administration projects, debt service and other City projects within Toombs County.

The County reports the following major proprietary funds:

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

The **Ambulance Fund** accounts for the costs of providing transportation services to the citizens of Toombs County who are in need of medical assistance.

Additionally, the County reports the following fund types:

The **Special Revenue Funds** account for specific revenues that are legally restricted to expenditures for particular purposes.

The **Capital Project Funds** are used for the acquisition or construction of capital facilities.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Amounts reported as *program revenues* include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. Cash and Cash Equivalents

The County and discretely presented component units' cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

E. Prepaid Items

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

F. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. For the most part, the effect of interfund activity has been removed from the government-wide statement of net position. In the fund financial statements, these receivables and payables are classified as "due from other funds" or "due to other funds."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Interfund Receivables and Payables (Continued)

In the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances".

G. Capital Assets

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

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

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

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

<u>Asset Category</u>	<u>Years</u>
Buildings	50
Improvements	40
Land (landfill)	4-6
Infrastructure	40
Furniture and Fixtures	5-10
Machinery and Equipment	5-20

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

Capital assets of the Development Authority are depreciated using the straight line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Buildings	50
Infrastructure	10-50
Furniture and Fixtures	5-10
Machinery and Equipment	5-10

H. Compensated Absences

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

I. Long-Term Obligations

In the government-wide financial statements and proprietary fund types, 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.

In the fund financial statements, governmental fund types report the face amount of the debt issued as other financing sources.

J. 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. The County has two items that qualify for reporting in this category. These items, relating to the County's retirement plan, qualify for reporting in this category and are combined in the Statement of Net Position under the heading "Pension". The first item, differences between projected investment return on pension investments and actual return on those investments, is deferred and amortized against pension expense over a four year period, resulting in recognition as a deferred outflow of resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

The second item, contributions made by the County to the pension plan before year-end but subsequent to the measurement date of the County's net pension liability are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability during the year ended December 31, 2016.

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 fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one item which qualifies for reporting in this category, and arises only under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

K. Fund Equity

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

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners has authorized the County Manager to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balance may be reported in all funds.

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

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

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

L. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.”

The details of this \$860,407 difference are as follows:

Accrued interest	\$ (239)
Compensated absences	(196,799)
Notes payable	(66,442)
Net pension liability	(596,927)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ (860,407)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$528,684 difference are as follows:

Capital outlay	\$ 1,433,658
Depreciation expense	(904,974)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at change in net position - <i>governmental activities</i>	\$ 528,684

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

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

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$34,436 difference are as follows:

Change in accrued interest	\$	229
Change in compensated absences		(7,679)
Change in net pension liability		41,886
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	\$	34,436

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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

B. Excess Expenditures over Appropriations

For the year ended December 31, 2015, expenditures exceeded budget in the applicable governmental funds, as follows:

<u>Department</u>	<u>Excess</u>
General Fund	
Tax commissioner	\$ 1,339
Magistrate court	730
Probate court	1,522
Juvenile court	1,797
Sheriff	15,813
Jail	12,496
Court security	722
Highways and streets	5,905
Maintenance and shop	496
Recreation	9,258
Code enforcement	64
Jail Fund	
Public Safety	27,555

These over expenditures were funded by additional unanticipated revenues.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Credit risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. It is the County's policy to limit its investments to those allowed and authorized by state law. As of year end, the County held no investments.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2015, the deposits of the County and its component units were properly insured and collateralized as defined by GASB pronouncements and the official code of the State of Georgia.

Interest rate risk. The County's investment policy is a means of managing its exposure to fair value losses arising from increasing interest rates. As such, they adhere to the following criteria regarding investments as outlined in the County's policies and procedures manual: the investment must always be concerned with the preservation of principal; all investments must be relatively liquid; and there must be a realization of competitive interest rates relative to the risk assumed. The County Manager is authorized to make all investment decisions on behalf of the County.

NOTE 5. RECEIVABLES

Receivables at December 31, 2015, consist of the following:

	General Fund	SPLOST Fund	Landfill Fund	Ambulance Fund	Nonmajor Governmental Funds	Total
Receivables:						
Taxes	\$ 1,660,233	\$ -	\$ -	\$ -	\$ -	\$ 1,660,233
Accounts	-	-	246,184	275,464	66,964	588,612
Due from other governments	180,652	428,392	-	15,857	33,124	658,025
Gross receivables	1,840,885	428,392	246,184	291,321	100,088	2,906,870
Less allowance	-	-	-	-	-	-
Net receivables	<u>\$ 1,840,885</u>	<u>\$ 428,392</u>	<u>\$ 246,184</u>	<u>\$ 291,321</u>	<u>\$ 100,088</u>	<u>\$ 2,906,870</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES (CONTINUED)

Property taxes were levied on September 9, 2015. Bills are payable on or before December 20, 2015, after which the applicable property is subject to lien and penalties and interest are assessed. Property taxes attached as an enforceable lien on property as of December 20, 2015. The County bills and collects its own property taxes. Property taxes levied for 2015 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2015 and collected by February 28, 2016 are recognized as revenues in the year ended December 31, 2015. Net receivables estimated to be collected subsequent to February 28, 2016 are deferred as of December 31, 2015 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

NOTE 6. CAPITAL ASSETS

B. Primary Government

Capital asset activity for the fiscal year ended December 31, 2015, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 406,988	\$ -	\$ -	\$ 406,988
Total	<u>406,988</u>	<u>-</u>	<u>-</u>	<u>406,988</u>
Capital assets, being depreciated:				
Buildings	5,801,387	-	-	5,801,387
Improvements	770,106	-	-	770,106
Infrastructure	14,491,003	748,628	-	15,239,631
Furniture and fixtures	419,903	16,173	-	436,076
Machinery and equipment	6,228,946	801,251	(361,541)	6,668,656
Total	<u>27,711,345</u>	<u>1,566,052</u>	<u>(361,541)</u>	<u>28,915,856</u>
Less accumulated depreciation for:				
Buildings	(2,748,365)	(120,366)	-	(2,868,731)
Improvements	(183,251)	(28,685)	-	(211,936)
Infrastructure	(9,028,456)	(170,921)	-	(9,199,377)
Furniture and fixtures	(310,084)	(12,832)	-	(322,916)
Machinery and equipment	(4,047,726)	(572,170)	226,194	(4,393,702)
Total	<u>(16,317,882)</u>	<u>(904,974)</u>	<u>226,194</u>	<u>(16,996,662)</u>
Total capital assets, being depreciated, net	<u>11,393,463</u>	<u>661,078</u>	<u>(135,347)</u>	<u>11,919,194</u>
Governmental activities capital assets, net	<u>\$ 11,800,451</u>	<u>\$ 661,078</u>	<u>\$ (135,347)</u>	<u>\$ 12,326,182</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,420,174	\$ -	\$ -	\$ 1,420,174
Total	1,420,174	-	-	1,420,174
Capital assets, being depreciated:				
Land (landfill)	9,934,360	1,303,094	-	11,237,454
Buildings	1,640,197	-	-	1,640,197
Machinery and equipment	3,584,137	392,048	(79,713)	3,896,472
Total	15,158,694	1,695,142	(79,713)	16,774,123
Less accumulated depreciation for:				
Land (landfill)	(6,817,236)	(484,462)	-	(7,301,698)
Buildings	(932,622)	(74,856)	-	(1,007,478)
Machinery and equipment	(2,193,961)	(341,760)	79,713	(2,456,008)
Total	(9,943,819)	(901,078)	79,713	(10,765,184)
Total capital assets, being depreciated, net	5,214,875	794,064	-	6,008,939
Business-type activities capital assets, net	\$ 6,635,049	\$ 794,064	\$ -	\$ 7,429,113

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

Governmental activities:	
General government	\$ 88,017
Judicial	379
Public safety	354,868
Public works	414,606
Health and welfare	46,365
Culture and recreation	739
Total depreciation expense - governmental activities	\$ 904,974
Business-type activities:	
Landfill	\$ 792,540
Ambulance Fund	108,538
Total depreciation expense - business-type activities	\$ 901,078

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – Development Authority

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,400,688	\$ -	\$ -	\$ 2,400,688
Total	<u>2,400,688</u>	<u>-</u>	<u>-</u>	<u>2,400,688</u>
Capital assets, being depreciated:				
Buildings	3,325,252	485,802	-	3,811,054
Infrastructure	540,000	-	(340,000)	200,000
Equipment	100,000	-	-	100,000
Vehicles	191,724	50,701	(191,724)	50,701
Total	<u>4,156,976</u>	<u>536,503</u>	<u>(531,724)</u>	<u>4,161,755</u>
Less accumulated depreciation for:				
Buildings	(116,176)	(70,996)	-	(187,172)
Infrastructure	(172,365)	(20,000)	64,031	(128,334)
Equipment	(100,000)	-	-	(100,000)
Vehicles	(456,579)	(9,193)	458,167	(7,605)
Total	<u>(845,120)</u>	<u>(100,189)</u>	<u>522,198</u>	<u>(423,111)</u>
Total capital assets, being depreciated, net	<u>3,311,856</u>	<u>436,314</u>	<u>(9,526)</u>	<u>3,738,644</u>
Development Authority capital assets, net	<u>\$ 5,712,544</u>	<u>\$ 436,314</u>	<u>\$ (9,526)</u>	<u>\$ 6,139,332</u>

C. Discretely Presented Component Unit – Toombs County Health Department

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 252,635	\$ -	\$ -	\$ 252,635
Total capital assets, being depreciated	<u>252,635</u>	<u>-</u>	<u>-</u>	<u>252,635</u>
Less accumulated depreciation for:				
Machinery and equipment	(247,654)	(3,462)	-	(251,116)
Total accumulated depreciation	<u>(247,654)</u>	<u>(3,462)</u>	<u>-</u>	<u>(251,116)</u>
Total capital assets, net	<u>\$ 4,981</u>	<u>\$ (3,462)</u>	<u>\$ -</u>	<u>\$ 1,519</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the primary government for the year ended December 31, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes payable	\$ 130,148	\$ -	\$ (63,706)	\$ 66,442	\$ 66,442
Compensated absences	189,120	140,885	(133,206)	196,799	196,799
Net pension liability	610,437	461,426	(474,936)	596,927	-
Governmental activities Long-term liabilities	<u>\$ 929,705</u>	<u>\$ 602,311</u>	<u>\$ (671,848)</u>	<u>\$ 860,168</u>	<u>\$ 263,241</u>
Business-type activities:					
Landfill closure and postclosure costs	\$ 3,300,188	\$ 138,485	\$ (50,191)	\$ 3,388,482	\$ 51,970
Revenue bonds	1,826,492	1,569,889	(146,297)	3,250,084	358,236
Compensated absences	28,988	38,814	(32,805)	34,997	34,997
Net pension liability	172,174	130,146	(133,956)	168,364	-
Business-type activities Long-term liabilities	<u>\$ 5,327,842</u>	<u>\$ 1,877,334</u>	<u>\$ (363,249)</u>	<u>\$ 6,841,927</u>	<u>\$ 445,203</u>

For governmental activities, compensated absences are generally liquidated by the General Fund and the E911 Fund. For business-type activities, compensated absences are liquidated by the Landfill Fund and the Ambulance Fund.

The beginning balance of long term obligations has been adjusted to reflect the recording of the net pension liability. See Note 14 for additional information.

Note payable. The County has incurred debt to the United States Department of Agriculture for equipment purchases. This note is as follows at December 31, 2015:

<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
\$ 552,500	4.375%	2016	\$ 66,442
		Less current portion	(66,442)
			<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Note payable (Continued). The County's note payable debt service requirements to maturity at December 31, 2015 are as follows:

<u>Fiscal Year Payable</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 66,442	\$ 2,907	\$ 69,349
	<u>\$ 66,442</u>	<u>\$ 2,907</u>	<u>\$ 69,349</u>

Landfill Closure and Postclosure Costs. Effective June 1998, the Toombs County Landfill Phase II was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. Engineering studies estimate postclosure costs of approximately \$1,162,480 over the remaining 20-year period. These costs are based on what it would cost to perform all postclosure care in 1994, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

State and federal laws and regulations require the County to place a final cover on its Construction and Demolition Landfill and on its Landfill Phase III site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, which occurred in 2014 for the Construction and Demolition Landfill and in 2026 for the Landfill Phase III, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

While the total estimated liability for closure and postclosure care of the Construction and Demolition Landfill and the Landfill Phase III is \$701,420 and \$3,078,240, respectively, at December 31, 2015, the cumulative amount of the liability at December 31, 2015, which is based on the use of approximately 88.4% of the Construction and Demolition Landfill and 52.16% of the Landfill Phase III, is \$620,242 and \$1,605,760, respectively. The County will recognize the remaining estimated cost of closure and postclosure care of \$81,178 and \$1,472,480 respectively, as the remaining estimated capacity is filled. These costs are based on what it would cost to perform all closure and postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulation. Should any problems occur during the period, the costs and time period required for maintenance and monitoring functions may increase.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Revenue bonds payable. In 2014 the County issued Toombs County Solid Waste Revenue Bonds, Series 2014 to fund the expansion of the municipal solid waste landfill. The bonds were issued as a draw-down bond issue such that the principal amount of the bonds will increase as advances are made to the County to fund the costs of the project, not to exceed \$5,000,000. The expansion project remained ongoing as of December 31, 2015, and the County continues to draw funds for completion. The interest rate on the bonds is variable and is based on the Federal Reserve's ten year swap rate plus .45% not to exceed 6.0% per annum. As of December 31, 2015 the County had drawn \$3,250,084 of the \$5,000,000 available for the project.

The annual requirements for debt service on the Solid Waste Revenue Bonds drawn down at December 31, 2015 are as follows:

<u>Fiscal Year Payable</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 358,236	\$ 97,593	\$ 455,829
2017	369,975	85,854	455,829
2018	381,811	74,018	455,829
2019	394,026	61,803	455,829
2020	406,486	49,343	455,829
2021 - 2024	1,339,550	67,986	1,407,536
	<u>\$ 3,250,084</u>	<u>\$ 436,597</u>	<u>\$ 3,686,681</u>

B. Discretely Presented Component Unit – Development Authority

The following is a summary of long-term debt activity for the Development Authority for the year ended December 31, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Development Authority					
Notes payable	\$ 1,892,559	\$ 104,835	\$ (206,393)	\$ 1,791,001	\$ 1,268,688
Line of credit	400	-	-	400	400
Development Authority Long-term liabilities	<u>\$ 1,892,959</u>	<u>\$ 104,835</u>	<u>\$ (206,393)</u>	<u>\$ 1,791,401</u>	<u>\$ 1,269,088</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

B. Discretely Presented Component Unit – Development Authority (Continued)

Notes Payable. Included within notes payable is a note due to the One Georgia Authority. This note had an original balance of \$500,000 and was used to construct a new speculative building for future economic development. Quarterly installments of \$6,250 are due beginning in January 2027, maturing in January 2032. This note does not bear interest. As of December 31, 2015, the principal balance of this note was \$118,750.

Included within notes payable is a note obtained in December 2010 due to an individual. This note had an original balance of \$900,000 and was used to purchase land for future economic development. Monthly payments of \$9,112 including interest at 4% are due through maturity in December 2020. As of December 31, 2015, the principal balance of this note was \$494,777.

Included within notes payable is a note obtained in May 2014 due to a financial institution. This note represents a construction loan with a maximum principal balance of \$2,200,000 of which \$1,177,474 had been drawn by the Development Authority as of December 31, 2015. The entire outstanding balance plus accrued interest is due on or before June 4, 2016. Interest on the note is variable based on 80% of the prime rate. As of the date of the loan this rate was 2.60% per annum.

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

<u>Fiscal Year Payable</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,268,688	\$ 18,131	\$ 1,286,819
2017	94,930	14,415	109,345
2018	98,798	10,547	109,345
2019	102,823	6,522	109,345
2020	107,012	2,332	109,344
2021 - 2025	-	-	-
2026 - 2030	87,500	-	87,500
2031 - 2032	31,250	-	31,250
	<u>\$ 1,791,001</u>	<u>\$ 51,947</u>	<u>\$ 1,842,948</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

C. Discretely Presented Component Unit – Health Department

The following is a summary of long-term debt activity for the Development Authority for the year ended December 31, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Health Department					
Compensated absences	\$ 46,483	\$ 20,956	\$ (23,242)	\$ 44,197	\$ 22,099
Net pension liability	<u>779,916</u>	<u>99,455</u>	<u>(242,479)</u>	<u>636,892</u>	<u>-</u>
Health Department Long-term liabilities	<u>\$ 826,399</u>	<u>\$ 120,411</u>	<u>\$ (265,721)</u>	<u>\$ 681,089</u>	<u>\$ 22,099</u>

NOTE 8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2015 is as follows:

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Ambulance Fund	\$ 320,141

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Advances to/from other funds represent amounts not expected to be repaid within one year from the date of the financial statements.

NOTE 9. JOINT VENTURE

Under Georgia law, the County is a participating member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay annual dues thereto. During its year ended December 31, 2015, the County paid \$12,218 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 the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts and obligations of an RC. Separate financial statements may be obtained from: Heart of Georgia Altamaha Regional Commission, 5405 Oak Street, Eastman, Georgia 31023.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS

A. Primary Government

Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Toombs County Employees (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan, administered by the Government Employee Benefits Corporation of Georgia, (GEBCorp). The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County, through its Board of Commissioners, has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. A separately issued financial report for the ACCG Plan may be obtained by writing to GEBCorp at 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339.

Plan membership as of January 1, 2015, (the most recent actuarial valuation date) is as follows.

Inactive plan members or beneficiaries currently receiving benefits	55
Inactive plan members entitled to but not receiving benefits	60
Active plan members	<u>116</u>
Total	<u><u>231</u></u>

The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes. The County's required contribution for the 2015 Plan year is \$314,178 or 7.9% of covered payroll. No contributions are required of or permitted by Plan members. The County meets all costs of the Plan.

Net Pension Liability of the County

Effective January 1, 2015, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* which significantly changed the County's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

The County is required to contribute an actuarially determined amount annually to The Plan's trust. A contribution amount is determined using actuarial methods and assumptions approved by The ACCG Plan trustees and intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes. Plan participants are not required to contribute to the plan.

The County's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2014.

Actuarial Assumptions. The total pension liability in the January 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.5% - 5.5%, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for December 31, 2013.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

Actuarial Assumptions (Continued). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Fixed income	30%	6.78%
Large cap equity	30%	9.77%
International equity	15%	7.48%
Other equity	20%	9.23%
Real estate	5%	10.63%
Total	100%	

* Rates shown are net of the 3.0% assumed rate of inflation

Discount Rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made based on the average County contribution made to the Plan over the prior five years. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended December 31, 2015, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2014	\$ 4,894,734	\$ 4,112,123	\$ 782,611
<i>Changes for the year:</i>			
Service cost	142,347	-	142,347
Interest	367,105	-	367,105
Contributions-employer	-	306,238	(306,238)
Net investment income	-	295,000	(295,000)
Benefit payments, including refunds of employee contributions	(211,765)	(204,111)	(7,654)
Administrative expense	-	(20,003)	20,003
Other changes	-	(62,117)	62,117
<i>Net changes</i>	<u>297,687</u>	<u>315,007</u>	<u>(17,320)</u>
Balances at December 31, 2015	<u>\$ 5,192,421</u>	<u>\$ 4,427,130</u>	<u>\$ 765,291</u>

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.5 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's net pension liability	\$ 1,469,261	\$ 765,291	\$ 181,882

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued). Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2014, and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2015, the County recognized pension expense of \$260,478. At December 31, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Investment earnings difference	\$ 28,440
Contributions subsequent to the measurement date	314,178
	314,178
Total	\$ 342,618

County contributions subsequent to the measurement date of \$314,178 are reported as a deferred outflow of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. The investment earnings difference reported as a deferred outflow of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:		
2016	\$	7,110
2017		7,110
2018		7,110
2019		7,110
Total	\$	28,440

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Discretely Presented Component Unit – Health Department

Plan Description. All employees of the Health Department participate in the Georgia State Employees Retirement System (ERS), a cost-sharing multi-employer public employee retirement system covering employees of local boards of health and various agencies and departments of the State of Georgia. ERS is funded through employer and employee contributions and the Health Department has no legal obligation for paying benefits. The Plan is administered by the State of Georgia, and accumulated benefits and Plan assets are not determined or allocated to the individual participating governmental entities.

GASB 68 requires that governmental employers report their share of the plan net pension liability and related pension expense and deferrals in their financial statements beginning June 30, 2015. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of ERS and additions to/deductions from ERS' fiduciary net position have been determined on the same basis they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the Old Plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employee who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

All full-time employees who are hired for Merit System classified positions are eligible to participate in ERS. Participants have a partial vested right to retirement benefits after 10 years of service and become fully vested after 34 years of service. Employees are required to pay 1.25% of gross earnings to the retirement account. The Health Department contributed 13.71%, 18.46% and 15.18% of covered compensation for the fiscal year for participants in the old, new and GSEPS plans. During the year, the Health Department contributed \$88,473. Contributions by employees are withheld by the Health Department.

Pension Plan Fiduciary Net Position. Detailed information regarding the pension plan's fiduciary net position is available in the separately issued ERS financial report which is publicly available at www.ers.ga.gov.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Discretely Presented Component Unit – Health Department (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the Health Department reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2014. At June 30, 2014, the Health Department's proportion was .016981%, which was an increase of .000909% from the proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Health Department recognized pension expense of \$55,861. At June 30, 2015, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment earnings difference	\$ -	\$ 155,446
Difference between Health Department contributions and proportionate share of contributions	27,145	-
Contributions subsequent to the measurement date	87,033	-
Total	\$ 114,178	\$ 155,446

Department contributions subsequent to the measurement date of \$87,033 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Discretely Presented Component Unit – Health Department (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued). Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2016	\$	21,896
2017		28,683
2018		38,862
2019		38,860
Total	\$	<u>128,301</u>

Actuarial Assumptions. The total pension liability as of June 30, 2014, was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.45% - 9.25%, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the period of July 1, 2004 – June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target assets allocation percentage and by adding expected inflation.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Discretely Presented Component Unit – Health Department (Continued)

Actuarial Assumptions (Continued). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return *
Fixed income	30.0%	3%
Domestic large equities	39.7%	6.5%
Domestic mid equities	3.7%	10.0%
Domestic small equities	1.6%	13.0%
International developed market equities	18.9%	6.5%
International emerging market equities	6.1%	11.0%
	100.0%	

* Rates shown are net of the 3.0% assumed rate of inflation

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at the current contribution rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Health Department's proportionate share of the net pension liability to changes in the discount rate. The following presents the Health Department's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Health Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Health Department's net pension liability	\$ 928,716	\$ 636,892	\$ 388,483

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT

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

The County participates in the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the Workers' Compensation law of Georgia. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

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

NOTE 12. CONTINGENCIES AND COMMITMENTS

The County had various contractual commitments of approximately \$4.1 million at December 31, 2015 for construction projects.

Grant Contingencies:

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

Litigation:

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENTS

As discussed in Note 10, the County and its discretely presented component unit, the Toombs County Health Department, implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective January 1, 2015 and July 1, 2014, respectively. The new standards significantly changed the County and its Health Department’s accounting for pension amounts.

In addition, the County determined that a restatement to beginning net position of the Governmental Activities and a restatement to beginning fund balance of the General Fund was required to correct an error in the December 31, 2014 financial report. This error resulted in an understatement of net position of the Governmental Activities and fund balance of the General Fund in the amount of \$465,017 as of December 31, 2014.

The effects of these restatements are as follows:

	Governmental Activities	Business-type Activities
Net position, as previously reported	\$ 31,710,779	\$ 3,653,994
Restatement for implementation of GASB Statement No. 68 and 71:		
Net pension liability and deferred outflow of resources as of December 31, 2014	(371,572)	(104,801)
Removal of previously reported net pension asset, under GASB Statement No. 27	(67,261)	-
Restatement to reduce accounts payable to reflect a correction of an error	465,017	-
Net position, as restated	\$ 31,736,963	\$ 3,549,193
	Landfill Fund	Ambulance Fund
Net position, as previously reported	\$ 2,927,005	\$ 726,989
Restatement for implementation of GASB Statement No. 68 and 71:		
Net pension liability and deferred outflow of resources as of December 31, 2014	(9,527)	(95,274)
Net position, as restated	\$ 2,917,478	\$ 631,715

NOTES TO FINANCIAL STATEMENTS

NOTE 13. CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENTS (CONTINUED)

	Toombs County Health Department
Net position, as previously reported	\$ 413,643
Restatement for implementation of GASB Statement No. 68 and 71:	
Net pension liability and deferred outflow of resources as of June 30, 2014	(709,331)
Net position, as restated	\$ (295,688)
	General Fund
Fund balance, as previously reported	\$ 13,557,438
Restatement to reduce accounts payable to reflect a correction of an error	465,017
Fund balance, as restated	\$ 14,022,455

REQUIRED SUPPLEMENTARY INFORMATION

**TOOMBS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED DECEMBER 31

	2015
Total pension liability	
Service cost	\$ 142,347
Interest on total pension liability	367,105
Changes of benefit terms	
Benefit payments, including refunds of employee contributions	(211,765)
Net change in total pension liability	297,687
Total pension liability - beginning	4,894,734
Total pension liability - ending (a)	\$ 5,192,421
Plan fiduciary net position	
Contributions - employer	\$ 306,238
Net investment income	295,000
Benefit payments, including refunds of employee contributions	(204,111)
Administrative expenses	(20,003)
Other	(62,117)
Net change in fiduciary net position	315,007
Plan fiduciary net position - beginning	4,112,123
Plan fiduciary net position - ending (b)	\$ 4,427,130
County's net pension liability - ending (a) - (b)	\$ 765,291
Plan fiduciary net position as a percentage of total pension liability	85.3%
Covered-employee payroll	3,556,210
County's net pension liability as a percentage of covered-employee payroll	21.5%

Notes to the Schedule

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

The assumptions used in the preparation of the above schedule are disclosed in Note 10 in the Notes to the Financial Statements.

**TOOMBS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS**

FOR THE YEAR ENDED DECEMBER 31

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 314,178	\$ 306,238
Contributions in relation to the actuarially determined contribution	<u>314,178</u>	<u>306,238</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	3,985,619	3,556,210
Contributions as a percentage of covered-employee payroll	7.9%	8.6%

Notes to the Schedule

Valuation Date	January 1, 2014
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a 5-year smoothing period
Assumed Rate of Return On Investments	7.50%
Projected Salary Increases	3.50% - 5.50% (including 3.0% inflation)
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

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

**TOOMBS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
TOOMBS COUNTY HEALTH DEPARTMENT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30**

	2015
Health Department's proportion of the net pension liability	0.016981 %
Health Department's proportionate share of the net pension liability	\$ 636,892
Health Department's covered-employee payroll	\$ 403,442
Health Department's proportionate share of the net pension liability as a percentage of its covered payroll	157.9 %
Plan fiduciary net position as a percentage of the total pension liability	78.0 %

Notes to the Schedule

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

**TOOMBS COUNTY, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 TOOMBS COUNTY HEALTH DEPARTMENT
 SCHEDULE OF CONTRIBUTIONS
 EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
 FOR THE FISCAL YEAR ENDED JUNE 30**

	2015
Contractually required contribution	\$ 88,473
Contributions in relation to the contractually required contribution	88,473
Contribution deficiency (excess)	\$ -
Health Department's covered employee payroll	\$ 403,442
Contributions as a percentage of covered employee payroll	21.9 %

Notes to the Schedule

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

**TOOMBS COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds

Emergency Telephone System Fund is used to account for the cost of operating and maintaining the Toombs County E-911 System. Financing is provided by a charge to each telephone subscriber whose exchange access lines are in the areas served by the Toombs County E-911 system and by a transfer from the General Fund.

Revolving Loan Fund is used to account for residual Employment Incentive Grant Funds awarded to the County to loan for economic development with principle retained for future development activities. The fund is administered by contract with the Toombs County Development Authority.

Jail Fund is used to account for the expenditures made towards maintenance and operations of the County jail.

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

Jail Commissary Fund is used to account for proceeds from jail inmate commissary sales.

Capital Projects Fund

T-SPLOST Fund accounts for the proceeds of the Transportation Special Purpose Local Option Sales Tax. Funds are used for various transportation projects within Toombs County.

TOOMBS COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Revenue Funds				
	Emergency Telephone System	Revolving Loan Fund	Jail Fund	Law Library	Jail Commissary
ASSETS					
Cash	\$ 28,004	\$ -	\$ 208,569	\$ 26,427	\$ 23,140
Accounts receivable	64,344	-	-	-	2,620
Due from other governments	-	-	-	-	-
Due from component unit	-	888,475	-	-	-
Total assets	<u>\$ 92,348</u>	<u>\$ 888,475</u>	<u>\$ 208,569</u>	<u>\$ 26,427</u>	<u>\$ 25,760</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 5,308	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	18,212	-	-	-	-
Total liabilities	<u>23,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Judicial programs	-	-	-	26,427	-
Public safety	68,828	-	208,569	-	-
Economic development	-	888,475	-	-	-
Capital improvements	-	-	-	-	-
Assigned for:					
Jail commissary activities	-	-	-	-	25,760
Total fund balances	<u>68,828</u>	<u>888,475</u>	<u>208,569</u>	<u>26,427</u>	<u>25,760</u>
Total liabilities and fund balances	<u>\$ 92,348</u>	<u>\$ 888,475</u>	<u>\$ 208,569</u>	<u>\$ 26,427</u>	<u>\$ 25,760</u>

<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>T-SPLOST Fund</u>	
\$ 441,851	\$ 727,991
-	66,964
33,124	33,124
-	888,475
<u>\$ 474,975</u>	<u>\$ 1,716,554</u>
\$ -	\$ 5,308
-	18,212
-	<u>23,520</u>
-	26,427
-	277,397
-	888,475
474,975	474,975
-	25,760
<u>474,975</u>	<u>1,693,034</u>
<u>\$ 474,975</u>	<u>\$ 1,716,554</u>

TOOMBS COUNTY, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	Special Revenue Funds				
	Emergency Telephone System	Revolving Loan Fund	Jail Fund	Law Library	Jail Commissary
Revenues:					
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	33,638	12,164	-
Charges for services	425,641	-	-	-	-
Interest income	-	11,741	-	-	11
Miscellaneous	156	-	-	-	23,847
Total revenues	<u>425,797</u>	<u>11,741</u>	<u>33,638</u>	<u>12,164</u>	<u>23,858</u>
Expenditures:					
Current:					
Judicial	-	-	-	9,794	-
Public safety	640,137	-	37,555	-	14,213
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>640,137</u>	<u>-</u>	<u>37,555</u>	<u>9,794</u>	<u>14,213</u>
Net change in fund balances	(214,340)	11,741	(3,917)	2,370	9,645
Fund balances, beginning of year	<u>283,168</u>	<u>876,734</u>	<u>212,486</u>	<u>24,057</u>	<u>16,115</u>
Fund balances, end of year	<u>\$ 68,828</u>	<u>\$ 888,475</u>	<u>\$ 208,569</u>	<u>\$ 26,427</u>	<u>\$ 25,760</u>

Capital Projects Fund		Total Nonmajor Governmental Funds	
T-SPLOST Fund			
\$ 364,834		\$ 364,834	
-		45,802	
-		425,641	
-		11,752	
-		24,003	
<u>364,834</u>		<u>872,032</u>	
-		9,794	
-		691,905	
209,430		209,430	
114,793		114,793	
<u>324,223</u>		<u>1,025,922</u>	
40,611		(153,890)	
<u>434,364</u>		<u>1,846,924</u>	
<u>\$ 474,975</u>		<u>\$ 1,693,034</u>	

TOOMBS COUNTY, GEORGIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 21, 2015**

	Emergency Telephone System Fund		
	Original and Final Budget	Actual	Variance
REVENUES			
Fines and forfeitures	\$ -	\$ -	\$ -
Charges for services	460,000	425,641	(34,359)
Interest income	-	-	-
Miscellaneous	-	156	156
Total revenues	<u>460,000</u>	<u>425,797</u>	<u>(34,203)</u>
EXPENDITURES			
Judicial	-	-	-
Public safety	710,566	640,137	70,429
Total expenditures	<u>710,566</u>	<u>640,137</u>	<u>70,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(250,566)</u>	<u>(214,340)</u>	<u>36,226</u>
OTHER FINANCING SOURCES			
Transfers in	185,650	-	(185,650)
Total other financing sources	<u>185,650</u>	<u>-</u>	<u>(185,650)</u>
Net changes in fund balance	<u>(64,916)</u>	<u>(214,340)</u>	<u>(149,424)</u>
Fund balance, beginning of year	<u>283,168</u>	<u>283,168</u>	<u>-</u>
Fund balance, end of year	<u>\$ 218,252</u>	<u>\$ 68,828</u>	<u>\$ (149,424)</u>

Revolving Loan Fund			Jail Fund		
Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ 35,000	\$ 33,638	(1,362)
-	-	-	-	-	-
10,000	11,741	1,741	-	-	-
-	-	-	-	-	-
<u>10,000</u>	<u>11,741</u>	<u>1,741</u>	<u>35,000</u>	<u>33,638</u>	<u>(1,362)</u>
-	-	-	-	-	-
-	-	-	10,000	37,555	(27,555)
-	-	-	<u>10,000</u>	<u>37,555</u>	<u>(27,555)</u>
10,000	11,741	1,741	25,000	(3,917)	(28,917)
-	-	-	-	-	-
-	-	-	-	-	-
<u>10,000</u>	<u>11,741</u>	<u>1,741</u>	<u>25,000</u>	<u>(3,917)</u>	<u>(28,917)</u>
876,734	876,734	-	212,486	212,486	-
<u>\$ 886,734</u>	<u>\$ 888,475</u>	<u>\$ 1,741</u>	<u>\$ 237,486</u>	<u>\$ 208,569</u>	<u>\$ (28,917)</u>

TOOMBS COUNTY, GEORGIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	Law Library Fund		
	Original and Final Budget	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 15,000	\$ 12,164	\$ (2,836)
Charges for services	-	-	-
Interest income	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>15,000</u>	<u>12,164</u>	<u>(2,836)</u>
EXPENDITURES			
Judicial	15,000	9,794	5,206
Public safety	-	-	-
Total expenditures	<u>15,000</u>	<u>9,794</u>	<u>5,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2,370</u>	<u>2,370</u>
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>-</u>	<u>2,370</u>	<u>2,370</u>
Fund balance, beginning of year	<u>24,057</u>	<u>24,057</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 24,057</u></u>	<u><u>\$ 26,427</u></u>	<u><u>\$ 2,370</u></u>

Jail Commissary Fund

<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -
-	-	-
-	11	11
<u>15,000</u>	<u>23,847</u>	<u>8,847</u>
<u>15,000</u>	<u>23,858</u>	<u>8,858</u>
-	-	-
<u>15,000</u>	<u>14,213</u>	<u>787</u>
<u>15,000</u>	<u>14,213</u>	<u>787</u>
-	9,645	9,645
-	-	-
-	-	-
-	9,645	9,645
<u>16,115</u>	<u>16,115</u>	<u>-</u>
<u>\$ 16,115</u>	<u>\$ 25,760</u>	<u>\$ 9,645</u>

TOOMBS COUNTY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

<u>Project Description</u>	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Expenditures</u>		
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Landfill Cell Construction	\$ 105,000	\$ 1,347,937	\$ 1,347,937	\$ -	\$ 1,347,937
Convenience Center Construction	108,096	2,000,000	528,210	1,035	529,245
Roads, Bridges, and Sidewalks	-	2,200,000	994,317	436,757	1,431,074
Sheriff Annex	-	2,800,000	605,342	10,375	615,717
Machinery and Equipment	67,189	3,000,000	3,754,551	558,125	4,312,676
Vehicles	76,962	76,962	1,211,192	199,536	1,410,728
Recreation Allocations	74,833	1,000,000	394,590	66,850	461,440
City of Vidalia	15,770,000	15,770,000	11,464,703	1,886,614	13,351,317
City of Lyons	6,080,000	6,080,000	4,420,126	727,369	5,147,495
City of Santa Claus	380,000	380,000	276,277	45,461	321,738
Total	\$ 22,662,080	\$ 34,654,899	\$ 24,997,245	\$ 3,932,122	\$ 28,929,367

Reconciliation of SPLOST schedule to financial statements:

Total of SPLOST expenditures above

\$ 3,932,122

Total Expenditures - SPLOST Fund

\$ 4,001,522

Debt Service Payments

(69,400)

\$ 3,932,122

TOOMBS COUNTY, GEORGIA AGENCY FUNDS

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

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

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

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

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

TOOMBS COUNTY, GEORGIA

**COMBINING BALANCE SHEET
AGENCY FUNDS
DECEMBER 31, 2015**

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
Cash	\$ 2,613,240	\$ 171,104	\$ 10,389	\$ 22,677	\$ 85,977	\$ 2,903,387
Taxes receivable	1,797,283	-	-	-	-	1,797,283
Total assets	\$ 4,410,523	\$ 171,104	\$ 10,389	\$ 22,677	\$ 85,977	\$ 4,700,670
 LIABILITIES						
Due to others	\$ 2,613,240	\$ 171,104	\$ 10,389	\$ 22,677	\$ 85,977	\$ 2,903,387
Uncollected taxes	1,797,283	-	-	-	-	1,797,283
Total liabilities	\$ 4,410,523	\$ 171,104	\$ 10,389	\$ 22,677	\$ 85,977	\$ 4,700,670

COMPLIANCE SECTION



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

**Board of Commissioners
of Toombs County, Georgia
Lyons, Georgia**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Toombs County, Georgia as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Toombs County, Georgia's basic financial statements, and have issued our report thereon dated July 26, 2016. Our report includes a reference to other auditors who audited the financial statements of the Toombs County Health Department, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes a reference to the changes in accounting principles resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

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

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

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

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2015-2, 2015-3, 2015-4 and 2015-5 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2015-1 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Toombs 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Toombs County, Georgia's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
July 26, 2016

TOOMBS COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> none reported
Significant deficiencies identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

Federal Awards

There was not an audit of major federal award programs as of December 31, 2015 due to the total amount expended being less than \$750,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2015-1. Segregation of Duties

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

Condition: Appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions does not exist within the offices of the Sheriff, Tax Commissioner, Clerk of Court, Probate Court, and the Magistrate Court.

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

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

Cause: The lack of segregation of duties is due to the failure to properly develop an integrated work plan with appropriate controls and an improper allocation of available resources.

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

TOOMBS COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2015-1. Segregation of Duties (Continued)

Views of Responsible Officials and Planned Corrective Action: We concur. The offices listed above are in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

2015-2. Management of Accounts Receivable and Revenue

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the County should review all revenue transactions to determine reporting in the proper period.

Condition: Appropriate reconciliation procedures were not followed, resulting in an understatement of revenue and accounts receivable in the T-SPLOST Fund and an overstatement of revenue and accounts receivable in the SPLOST Fund.

Effect: An audit adjustment to increase accounts receivable and increase revenues in the amount of \$33,124 was required to be reported in the T-SPLOST Fund, and an audit adjustment to decrease accounts receivable and decrease revenue in the amount of \$43,403 was required to be reported within the SPLOST Fund as of December 31, 2015.

Cause: The receivable accounts were not reconciled timely and appropriately, causing the overstatement and the understatement of revenue and receivables in the above mentioned funds.

Recommendation: The County should strengthen controls to ensure a proper reconciliation of accounts receivable is performed monthly.

Views of Responsible Officials and Planned Corrective Action: We concur. The County will follow proper reconciliation procedures to ensure all receivables and revenues are reported in the proper period.

TOOMBS COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2015-3. Management of Capital Assets

Criteria: Generally accepted accounting principles require items purchased with a measurable future economic value to be recorded as capital assets and depreciated over their useful life.

Condition: Capital assets were improperly recorded in the Ambulance Fund. Also, depreciation expense was incorrectly recorded in the Landfill and Ambulance Funds.

Effect: An audit adjustment to increase depreciation expense and accumulated depreciation in the amount of \$792,540 was required to be reported in the Landfill Fund and an audit adjustment to decrease expenses and increase capital assets, depreciation expense, accumulated depreciation, and capital contributions in the amounts of \$16,465, \$69,146, \$108,538, \$28,825, and \$132,394, respectively, were required to be reported in the Ambulance Fund as of December 31, 2015.

Cause: The capital asset accounts were not properly reconciled in a timely manner.

Recommendation: The County should strengthen controls to ensure a proper reconciliation of capital assets is performed monthly.

Views of Responsible Officials and Planned Corrective Action: We concur. The County will follow proper reconciliation procedures to ensure all capital assets are properly capitalized, asset deletions are recorded and depreciation expense is computed accurately and properly recorded.

2015-4. Management of Accounts Payable

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The County did not properly address the above criteria as of December 31, 2015 as it relates to accounts payable within the General, SPLOST, Landfill, and Ambulance Funds.

Context: We addressed this matter with County officials and they were able to determine the amount of accounts payable that should be recorded in these funds as of December 31, 2015.

TOOMBS COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2015-4. Management of Accounts Payable (Continued)

Effect: An audit adjustment to increase expenditures and accounts payable in the amount of \$287,700 was required to be reported within the General Fund as of December 31, 2015. A prior period adjustment to increase beginning fund balance and decrease accounts payable in the amount of \$465,017 was required to be reported within the General Fund as of January 1, 2015. An audit adjustment to increase expenditures and accounts payable in the amount of \$56,353 was required to be reported within the SPLOST Fund as of December 31, 2015. An audit adjustment to decrease expenses and accounts payable in the amount of \$28,982 was required to be reported within the Ambulance Fund as of December 31, 2015. An audit adjustment to increase expenses in the amount of \$14,901, decrease capital assets in the amount of \$268,646 and decrease accounts payable in the net amount of \$253,745 was required to be reported within the Landfill Fund as of December 31, 2015.

Cause: Reconciliations of accounts payable are not being performed on an annual basis.

Recommendation: We recommend the County implement procedures to reconcile all accounts payable subsidiary ledgers to the general ledger on an annual basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to reconcile subsidiary ledgers with the general ledger on an annual basis.

2015-5. Management of Prepaid Expenditures

Criteria: Generally accepted accounting principles require reporting of all expenditures paid in advance of receiving the benefit as an asset, which is then expensed over time as the benefit is received.

Condition: The County did not properly record prepaid expenditures as of December 31, 2015 within the General Fund.

Context: We addressed this matter with County officials and they were able to determine the amount of prepaid expenditures that should be recorded in the General Fund as of December 31, 2015.

Effect: An audit adjustment to decrease prepaid expenditures and increase expenditures was required to be reported within the General Fund in the amount of \$49,580 as of December 31, 2015.

TOOMBS COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2015-5. Management of Prepaid Expenditures (Continued)

Cause: Reconciliations of prepaid expenditures are not being performed on an annual basis.

Recommendation: We recommend the County implement procedures to reconcile all prepaid expenditure subsidiary ledgers to the general ledger on an annual basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to reconcile subsidiary ledgers with the general ledger on an annual basis.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

TOOMBS COUNTY, GEORGIA

SUMMARY OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

2014-1. Segregation of Duties

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

Condition: Appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions does not exist within the offices of the Sheriff, Tax Commissioner, Clerk of Court, Probate Court and the Magistrate Court.

Auditee Response/Status: Unresolved. See current year finding 2015-1

2014-2. Management of Accounts Receivable and Revenue

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the County should review all revenue transactions to determine reporting in the proper period.

Condition: Appropriate reconciliation procedures were not followed, resulting in an understatement of revenue and accounts receivable in the T-SPLOST and SPLOST Funds and an overstatement of revenue and accounts receivable in the Emergency Telephone System Fund.

Auditee Response/Status: Unresolved. See current year finding 2015-2.

2014-3. Management of Capital Assets

Criteria: Generally accepted accounting principles require items purchased with a measurable future economic value to be recorded as capital assets and depreciated over their useful life.

Condition: Capital assets were improperly recorded in the Ambulance and Landfill Funds. Also, depreciation expense was incorrectly recorded in the Landfill and Ambulance Funds and capital assets were improperly recorded in the General Fund.

Auditee Response/Status: Unresolved. See current year finding 2015-3.

2014-4. Management of Accounts Payable

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The County did not properly address the above criteria as of December 31, 2014 as it relates to accounts payable within the General, Landfill and Ambulance Funds.

Auditee Response/Status: Unresolved. See current year finding 2015-4.

TOOMBS COUNTY, GEORGIA

SUMMARY OF PRIOR YEAR FINDINGS (CONTINUED) FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

2014-5. Management of Prepaid Expenditures

Criteria: Generally accepted accounting principles require reporting of all expenditures paid in advance of receiving the benefit as an asset, which is then expensed over time as the benefit is received.

Condition: The County did not properly reconcile prepaid expenditures as of December 31, 2014 within the General Fund.

Auditee Response/Status: Unresolved. See current year finding 2015-5.

2014-6. Management of Grants Receipts and Disbursements

Criteria: Generally accepted accounting principles require all transactions to be accounted for. Revenues are to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. All current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed. All expenditures are to be reported in the period incurred. As a part of these processes, the County should review all transactions involving grant receipts and disbursements to determine reporting in the proper period.

Condition: Appropriate recording and reconciliation procedures were not followed, resulting in an understatement of revenue, accounts receivable, accounts payable and expenditures in the Multiple Grants Fund.

Auditee Response/Status: Resolved.

2014-7. Compliance with State Law

Criteria: The State of Georgia requires all county and municipal governments to adopt an annual balanced budget for the general fund, each special revenue fund, and each debt service fund and requires a project length balanced budget for each capital projects fund as set forth by section 36-81-3 of the Official Code of Georgia.

Condition: For the fiscal year ended December 31, 2014 the County did not adopt a budget for the Multiple Grant Fund.

Auditee Response/Status: Resolved.