

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

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

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Independent Auditor's Report 1 – 3

Management's Discussion and Analysis 4 – 10

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 11

Statement of Activities 12

Fund Financial Statements:

Balance Sheet – Governmental Funds 13

Statement of Revenues, Expenditures and Changes in Fund

Balances – Governmental Funds 14

Reconciliation of the Statement of Revenues, Expenditures and Changes in

Fund Balances of Governmental Funds to the Statement of Activities 15

General Fund – Statement of Revenues, Expenditures and Changes in

Fund Balances – Budget and Actual..... 16 and 17

Statement of Net Position – Proprietary Funds 18

Statement of Revenues, Expenses and Changes in Net

Position – Proprietary Funds 19

Statement of Cash Flows – Proprietary Funds 20

Statement of Fiduciary Assets and Liabilities – Fiduciary Funds 21

Notes to Financial Statements 22 – 47

Required Supplementary Information:

Schedule of Changes in the County's Net Pension Liability and Related Ratios 48

Schedule of County Contributions 49

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds 50 and 51

Combining Statement of Revenues, Expenditures and Changes in Fund

Balances – Nonmajor Governmental Funds 52 and 53

Schedule of Revenues, Expenditures and Changes in Fund

Balances – Budget and Actual – Nonmajor Special Revenue Funds 54 – 58

Schedule of Expenditures of Special Purpose Local Option Sales Tax

Proceeds – 2008 Issue 59

Combining Balance Sheet – Agency Funds 60

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

TABLE OF CONTENTS (CONTINUED)

Page

COMPLIANCE SECTION

| | |
|---|-----------|
| Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 61 and 62 |
| Schedule of Findings and Responses | 63 and 64 |
| Summary of Prior Year Findings..... | 65 |



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, 2018, 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 Health Department, which represents 7%, 1%, 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 Health Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, (on page 48) and the Schedule of County Contributions (on page 49) 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 June 5, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Toombs County, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Toombs County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
June 5, 2019

TOOMBS COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2018

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, 2018.

Financial Highlights

- The assets of Toombs County exceeded its liabilities at December 31, 2018, by \$33,767,343 (net position). This represents a decrease of \$321,704 or 1.7% from the prior year. Of this amount, \$16,107,234 is classified as unrestricted net position, which is an increase in unrestricted net position from the prior year of \$784,313.
- At December 31, 2018, the County's total governmental fund balances were \$18,463,195, a decrease of \$581,437, or 3.1%, from the prior year. Of this amount, \$12,150,932 is unassigned and is reported in the General Fund and nonmajor funds. Unassigned fund balance increased \$16,817 or 0.1% from the prior year.

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements include not only 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, Juvenile Services, DATE, 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 Fund, SPLOST Fund, and T-SPLOST Fund, 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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Other information. The combining statements referred to earlier in connection with 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 \$34,089,047 at the close of the most recent fiscal year.

A large portion of the County's net position, 46.03%, 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

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|-----------------------------------|--------------------------------|----------------------|---------------------------------|---------------------|----------------------|----------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Current and other assets | \$ 20,956,913 | \$ 20,929,885 | \$ 3,540,555 | \$ 2,991,890 | \$ 24,497,468 | \$ 23,921,775 |
| Capital assets | 12,821,536 | 12,809,088 | 4,856,849 | 5,606,164 | 17,678,385 | 18,415,252 |
| Total assets | <u>33,778,449</u> | <u>33,738,973</u> | <u>8,397,404</u> | <u>8,598,054</u> | <u>42,175,853</u> | <u>42,337,027</u> |
| Deferred outflows of resources | 544,347 | 764,313 | 171,899 | 244,558 | 716,246 | 1,008,871 |
| Other liabilities | 1,531,401 | 1,133,509 | 590,970 | 623,855 | 2,122,371 | 1,757,364 |
| Long-term liabilities outstanding | 715,322 | 1,159,220 | 5,993,182 | 6,335,975 | 6,708,504 | 7,495,195 |
| Total liabilities | <u>2,246,723</u> | <u>2,292,729</u> | <u>6,584,152</u> | <u>6,959,830</u> | <u>8,830,875</u> | <u>9,252,559</u> |
| Deferred inflows of resources | 223,350 | 3,157 | 70,531 | 1,135 | 293,881 | 4,292 |
| Net position: | | | | | | |
| Net investment in capital assets | 12,821,536 | 12,809,088 | 2,723,177 | 3,088,540 | 15,544,713 | 15,897,628 |
| Restricted | 2,115,396 | 2,868,498 | - | - | 2,115,396 | 2,868,498 |
| Unrestricted | 16,915,791 | 16,529,814 | (808,557) | (1,206,893) | 16,107,234 | 15,322,921 |
| Total net position | <u>\$ 31,852,723</u> | <u>\$ 32,207,400</u> | <u>\$ 1,914,620</u> | <u>\$ 1,881,647</u> | <u>\$ 33,767,343</u> | <u>\$ 34,089,047</u> |

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 | |
|--|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 1,611,566 | \$ 1,647,272 | \$ 4,172,756 | \$ 3,646,763 | \$ 5,784,322 | \$ 5,294,035 |
| Operating grants and contributions | 1,055,535 | 877,397 | - | - | 1,055,535 | 877,397 |
| Capital grants and contributions | 1,674 | 4,777 | - | - | 1,674 | 4,777 |
| General revenues: | | | | | | |
| Property taxes | 7,074,598 | 6,887,342 | - | - | 7,074,598 | 6,887,342 |
| Sales taxes | 6,672,361 | 6,548,949 | - | - | 6,672,361 | 6,548,949 |
| Other taxes | 913,344 | 860,677 | - | - | 913,344 | 860,677 |
| Unrestricted investment earnings | 21,725 | 27,388 | 1,772 | 1,552 | 23,497 | 28,940 |
| Other revenues | - | - | - | - | - | - |
| Total revenues | <u>17,350,803</u> | <u>16,853,802</u> | <u>4,174,528</u> | <u>3,648,315</u> | <u>21,525,331</u> | <u>20,502,117</u> |
| Expenses: | | | | | | |
| General government | 3,871,081 | 5,606,164 | - | - | 3,871,081 | 5,606,164 |
| Judicial | 1,310,643 | 1,293,829 | - | - | 1,310,643 | 1,293,829 |
| Public safety | 4,781,814 | 4,557,887 | - | - | 4,781,814 | 4,557,887 |
| Public works | 6,736,099 | 4,619,848 | - | - | 6,736,099 | 4,619,848 |
| Health and welfare | 509,314 | 250,080 | - | - | 509,314 | 250,080 |
| Culture and recreation | 178,330 | 515,298 | - | - | 178,330 | 515,298 |
| Housing and development | 137,730 | 160,271 | - | - | 137,730 | 160,271 |
| Interest on long-term debt | - | - | - | - | - | - |
| Ambulance | - | - | 2,434,265 | 2,287,949 | 2,434,265 | 2,287,949 |
| Landfill | - | - | 1,887,759 | 2,155,548 | 1,887,759 | 2,155,548 |
| Total expenses | <u>17,525,011</u> | <u>17,003,377</u> | <u>4,322,024</u> | <u>4,443,497</u> | <u>21,847,035</u> | <u>21,446,874</u> |
| Change in net position before transfers | <u>(174,208)</u> | <u>(149,575)</u> | <u>(147,496)</u> | <u>(795,182)</u> | <u>(321,704)</u> | <u>(944,757)</u> |
| Transfers | <u>(180,469)</u> | <u>(115,715)</u> | <u>180,469</u> | <u>115,715</u> | <u>-</u> | <u>-</u> |
| Change in net position | <u>(354,677)</u> | <u>(265,290)</u> | <u>32,973</u> | <u>(679,467)</u> | <u>(321,704)</u> | <u>(944,757)</u> |
| Net position, beginning of year, as restated | <u>32,207,400</u> | <u>32,472,690</u> | <u>1,881,647</u> | <u>2,561,114</u> | <u>34,089,047</u> | <u>35,033,804</u> |
| Net position, end of year | <u>\$ 31,852,723</u> | <u>\$ 32,207,400</u> | <u>\$ 1,914,620</u> | <u>\$ 1,881,647</u> | <u>\$ 33,767,343</u> | <u>\$ 34,089,047</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- Net change in total revenues increased \$1,023,214 or 5%.
- Charges for services increased \$490,287 due to landfill timber sales during the current year. Operating grants and contributions increased \$178,138. This was primarily the result of more receipts from the Local Maintenance and Improvement grant and the Transportation Special Purpose Local Option Sales Tax intergovernmental grants in 2018 from more road projects.
- Property tax revenue increased \$187,256, or 2.7%, as a result of the increased County-Wide collections.
- Sales tax revenue increased \$123,412, or 1.9%, as a result of increased collections.
- General government expenditures decreased \$1,735,083 due to less infrastructure and road projects during the current year. Public works expenditures increased \$2,116,251, due to more infrastructure and road projects during the current year.

Business-type activities.

- The Toombs County Landfill Fund produced an operating income of \$200,800 before interest. This income was decreased by \$69,608 in net nonoperating expenses, resulting in a total increase in net position of \$131,192 for the current fiscal year.
- The Toombs County Ambulance Fund produced operating loss of \$278,688 before contributions. This loss was decreased by capital contributions of \$180,469.

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 \$117,811 for prepaid items, assigned fund balance of the General Fund was \$4,028,661 for landfill post-closure care costs, and unassigned was \$12,266,642, resulting in a total fund balance of \$16,413,114.

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 1.0% of total General Fund expenditures, assigned fund balance represents 35.5%, and unassigned fund balance represents 108.1%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds (Continued)

SPLOST Fund

The Special Purpose Local Option Sales Tax (SPLOST) referendum was 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 approximately \$5,408,000, revenues approximately \$4,520,000 million, and the ending fund balance approximated \$240,000. Project spending for the SPLOST Fund is in its ninth 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 \$(561,342) and \$(247,215), 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, 2018, amounts to \$12,821,536 (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 | |
|--------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 414,988 | \$ 414,988 | \$ 1,420,174 | \$ 1,420,174 | \$ 1,835,162 | \$ 1,835,162 |
| Construction in progress | - | 589,297 | - | - | - | 589,297 |
| Land (landfill) | - | - | 2,179,645 | 2,756,536 | 2,179,645 | 2,756,536 |
| Buildings | 3,158,625 | 2,697,640 | 482,055 | 532,276 | 3,640,680 | 3,229,916 |
| Improvements | 621,505 | 631,460 | - | - | 621,505 | 631,460 |
| Infrastructure | 5,757,720 | 5,934,442 | - | - | 5,757,720 | 5,934,442 |
| Furniture and fixtures | 79,032 | 94,437 | - | - | 79,032 | 94,437 |
| Machinery and equipment | 2,789,666 | 2,446,824 | 774,975 | 897,178 | 3,564,641 | 3,344,002 |
| Total | \$ 12,821,536 | \$ 12,809,088 | \$ 4,856,849 | \$ 5,606,164 | \$ 17,678,385 | \$ 18,415,252 |

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, 2018, is summarized below:

| | Toombs County's Long-Term Debt | | | | | |
|---|---------------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenue bonds payable | \$ - | \$ - | \$ 2,133,672 | \$ 2,517,624 | \$ 2,133,672 | \$ 2,517,624 |
| Compensated absences | 249,651 | 212,075 | 51,558 | 43,476 | 301,209 | 255,551 |
| Landfill closure and post-closure costs | - | - | 4,080,653 | 3,900,708 | 4,080,653 | 3,900,708 |
| Net pension liability | 715,322 | 1,159,220 | 225,891 | 356,923 | 941,213 | 1,516,143 |
| Total | <u>\$ 964,973</u> | <u>\$ 1,371,295</u> | <u>\$ 6,491,774</u> | <u>\$ 6,818,731</u> | <u>\$ 7,456,747</u> | <u>\$ 8,190,026</u> |

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 \$4,080,000 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 gross millage rate was reduced by 0.393 mills.
- Tax Digest increased by 2.47%.
- Local Option Sales Tax revenues were down approximately 1.52% as compared to 2017.
- Expectation of a small increase in Sales Tax Revenue due to the new internet sales tax law.
- Expectation of small increase in 911 fees due to the new Georgia Emergency Communication Authority collecting and remitting 911 fees.

These items were taken into account when adopting the general fund budget for 2018.

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, Georgia 30436.

BASIC FINANCIAL STATEMENTS

TOOMBS COUNTY, GEORGIA

STATEMENT OF NET POSITION DECEMBER 31, 2018

| | Primary Government | | | Component Units | |
|---|----------------------------|-----------------------------|---------------|--------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | Development Authority | Health Department |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 16,505,942 | \$ 3,081,659 | \$ 19,587,601 | \$ 1,116,911 | \$ 519,636 |
| Restricted cash | - | 507,559 | 507,559 | - | - |
| Taxes receivable | 1,797,285 | - | 1,797,285 | 450,965 | - |
| Accounts receivable, net of allowances | 64,699 | 571,668 | 636,367 | - | - |
| Leases receivable | - | - | - | 833,776 | - |
| Due from other governments | 899,785 | 17,018 | 916,803 | - | 30,325 |
| Internal balances | 637,349 | (637,349) | - | - | - |
| Due from component unit | 934,042 | - | 934,042 | - | - |
| Prepaid items | 117,811 | - | 117,811 | 6,967 | - |
| Capital assets, non-depreciable | 414,988 | 1,420,174 | 1,835,162 | 2,196,469 | - |
| Capital assets, depreciable, net of accumulated depreciation | 12,406,548 | 3,436,675 | 15,843,223 | 3,412,843 | - |
| Net OPEB asset | - | - | - | - | 59,646 |
| Total assets | 33,778,449 | 8,397,404 | 42,175,853 | 8,017,931 | 609,607 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension | 544,347 | 171,899 | 716,246 | - | 96,113 |
| LIABILITIES | | | | | |
| Accounts payable | 749,391 | 80,066 | 829,457 | 62,220 | - |
| Accrued liabilities | 49,932 | 12,312 | 62,244 | - | - |
| Due to other governments | 482,427 | - | 482,427 | - | - |
| Due to primary government | - | - | - | 934,042 | - |
| Borrowings under line of credit | - | - | - | - | - |
| Compensated absences due within one year | 249,651 | 51,558 | 301,209 | - | 25,331 |
| Compensated absences due in more than one year | - | - | - | - | 25,330 |
| Notes payable due in within one year | - | - | - | 485,542 | - |
| Notes payable due in more than one year | - | - | - | 107,012 | - |
| Bonds payable due within one year | - | 395,042 | 395,042 | - | - |
| Bonds payable due in more than one year | - | 1,738,630 | 1,738,630 | - | - |
| Landfill closure and post-closure care due within one year | - | 51,992 | 51,992 | - | - |
| Landfill closure and post-closure care costs due in more than one year | - | 4,028,661 | 4,028,661 | - | - |
| Net pension liability | 715,322 | 225,891 | 941,213 | - | 587,797 |
| Total liabilities | 2,246,723 | 6,584,152 | 8,830,875 | 1,588,816 | 638,458 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Pension | 223,350 | 70,531 | 293,881 | - | 60,351 |
| NET POSITION | | | | | |
| Net investment in capital assets | 12,821,536 | 2,723,177 | 15,544,713 | 5,016,758 | - |
| Restricted for: | | | | | |
| Judicial programs | 59,683 | - | 59,683 | - | - |
| Public safety | 292,141 | - | 292,141 | - | - |
| Economic development | 934,042 | - | 934,042 | - | - |
| Capital improvements | 829,530 | - | 829,530 | - | - |
| Prior year program income | - | - | - | - | 232,686 |
| Unrestricted | 16,915,791 | (808,557) | 16,107,234 | 1,412,357 | (225,775) |
| Total net position | \$ 31,852,723 | \$ 1,914,620 | \$ 33,767,343 | \$ 6,429,115 | \$ 6,911 |

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

TOOMBS COUNTY, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenues and Changes in Net Position | | | Component Units | |
|--|----------------------|-------------------------|--|--|--|-----------------------------|----------------------|---------------------|-----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | Development | Health |
| | | | | | | | | Authority | Department |
| Primary government: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | \$ 3,871,081 | \$ 482,749 | \$ 1,055,535 | \$ 1,674 | \$ (2,331,123) | \$ - | \$ (2,331,123) | \$ - | \$ - |
| Judicial | 1,310,643 | 405,054 | - | - | (905,589) | - | (905,589) | - | - |
| Public safety | 4,781,814 | 723,763 | - | - | (4,058,051) | - | (4,058,051) | - | - |
| Public works | 6,736,099 | - | - | - | (6,736,099) | - | (6,736,099) | - | - |
| Health and welfare | 509,314 | - | - | - | (509,314) | - | (509,314) | - | - |
| Culture and recreation | 178,330 | - | - | - | (178,330) | - | (178,330) | - | - |
| Housing and development | 137,730 | - | - | - | (137,730) | - | (137,730) | - | - |
| Total governmental activities | <u>17,525,011</u> | <u>1,611,566</u> | <u>1,055,535</u> | <u>1,674</u> | <u>(14,856,236)</u> | <u>-</u> | <u>(14,856,236)</u> | <u>-</u> | <u>-</u> |
| Business-type activities: | | | | | | | | | |
| Toombs County Landfill | 1,887,759 | 2,017,179 | - | - | - | 129,420 | 129,420 | - | - |
| Toombs County Ambulance | 2,434,265 | 2,155,577 | - | - | - | (278,688) | (278,688) | - | - |
| Total business-type activities | <u>4,322,024</u> | <u>4,172,756</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(149,268)</u> | <u>(149,268)</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 21,847,035</u> | <u>\$ 5,784,322</u> | <u>\$ 1,055,535</u> | <u>\$ 1,674</u> | <u>(14,856,236)</u> | <u>(149,268)</u> | <u>(15,005,504)</u> | <u>-</u> | <u>-</u> |
| Component units: | | | | | | | | | |
| Development Authority | \$ 532,903 | \$ - | \$ 963,722 | \$ (120,872) | - | - | - | 309,947 | - |
| Health Department | 822,335 | 336,311 | 694,030 | - | - | - | - | - | 208,006 |
| Total component units | <u>\$ 1,355,238</u> | <u>\$ 336,311</u> | <u>\$ 1,657,752</u> | <u>\$ (120,872)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>309,947</u> | <u>208,006</u> |
| General revenues: | | | | | | | | | |
| Property taxes | | | | | 7,074,598 | - | 7,074,598 | - | - |
| Sales taxes | | | | | 6,672,361 | - | 6,672,361 | - | - |
| Insurance premium tax | | | | | 796,204 | - | 796,204 | - | - |
| Alcoholic beverages taxes | | | | | 63,242 | - | 63,242 | - | - |
| Other taxes | | | | | 53,898 | - | 53,898 | - | - |
| Unrestricted investment earnings | | | | | 21,725 | 1,772 | 23,497 | 670 | - |
| Transfers | | | | | (180,469) | 180,469 | - | - | - |
| Total general revenues and transfers | | | | | <u>14,501,559</u> | <u>182,241</u> | <u>14,683,800</u> | <u>670</u> | <u>-</u> |
| Change in net position | | | | | (354,677) | 32,973 | (321,704) | 310,617 | 208,006 |
| Net position, beginning of year, as restated | | | | | 32,207,400 | 1,881,647 | 34,089,047 | 6,118,498 | (201,095) |
| Net position, end of year | | | | | <u>\$ 31,852,723</u> | <u>\$ 1,914,620</u> | <u>\$ 33,767,343</u> | <u>\$ 6,429,115</u> | <u>\$ 6,911</u> |

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

TOOMBS COUNTY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

| | <u>General</u> | <u>SPLOST</u> | <u>T-SPLOST</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|-------------------|-------------------|--|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 15,014,464 | \$ 421,598 | \$ 668,016 | \$ 401,864 | \$ 16,505,942 |
| Taxes receivable | 1,797,285 | - | - | - | 1,797,285 |
| Accounts receivable | - | - | - | 64,699 | 64,699 |
| Due from other governments | 431,353 | 425,640 | 42,792 | - | 899,785 |
| Due from other funds | 807,562 | 121,539 | - | - | 929,101 |
| Due from component unit | - | - | - | 934,042 | 934,042 |
| Prepaid items | 117,811 | - | - | - | 117,811 |
| Total assets | <u>\$ 18,168,475</u> | <u>\$ 968,777</u> | <u>\$ 710,808</u> | <u>\$ 1,400,605</u> | <u>\$ 21,248,665</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 495,988 | \$ 246,074 | \$ 15 | \$ 7,314 | \$ 749,391 |
| Accrued liabilities | 47,337 | - | - | 2,527 | 49,864 |
| Due to other governments | - | 482,427 | - | - | 482,427 |
| Due to other funds | - | - | 121,539 | 170,213 | 291,752 |
| Total liabilities | <u>543,325</u> | <u>728,501</u> | <u>121,554</u> | <u>180,054</u> | <u>1,573,434</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenues | | | | | |
| Property taxes | 1,212,036 | - | - | - | 1,212,036 |
| Total deferred inflows of resources | <u>1,212,036</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,212,036</u> |
| FUND BALANCES | | | | | |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | 117,811 | - | - | - | 117,811 |
| Restricted for: | | | | | |
| Judicial programs | - | - | - | 59,683 | 59,683 |
| Public safety | - | - | - | 292,141 | 292,141 |
| Economic development | - | - | - | 934,042 | 934,042 |
| Capital improvements | - | 240,276 | 589,254 | - | 829,530 |
| Assigned for: | | | | | |
| Landfill post-closure care costs | 4,028,661 | - | - | - | 4,028,661 |
| Jail commissary activities | - | - | - | 50,395 | 50,395 |
| Unassigned | 12,266,642 | - | - | (115,710) | 12,150,932 |
| Total fund balances | <u>16,413,114</u> | <u>240,276</u> | <u>589,254</u> | <u>1,220,551</u> | <u>18,463,195</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 18,168,475</u> | <u>\$ 968,777</u> | <u>\$ 710,808</u> | <u>\$ 1,400,605</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. | 12,821,536 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 1,212,036 |
| Deferred outflows and inflows 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. | 320,997 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | (965,041) |
| Net position of governmental activities | <u>\$ 31,852,723</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, 2018**

| | <u>General</u> | <u>SPLOST</u> | <u>T-SPLOST</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|-------------------|-------------------|--|---|
| Revenues | | | | | |
| Property taxes | \$ 6,827,620 | \$ - | \$ - | \$ - | \$ 6,827,620 |
| Sales taxes | 1,786,145 | 4,518,272 | 367,944 | - | 6,672,361 |
| Other taxes | 913,344 | - | - | - | 913,344 |
| Licenses and permits | 8,392 | - | - | - | 8,392 |
| Intergovernmental | 1,055,535 | - | - | - | 1,055,535 |
| Charges for services | 598,934 | - | - | 414,343 | 1,013,277 |
| Fines and forfeitures | 368,612 | - | - | 55,690 | 424,302 |
| Interest income | 5,264 | 1,674 | - | 16,461 | 23,399 |
| Miscellaneous | 143,137 | - | - | 22,458 | 165,595 |
| Total revenues | <u>11,706,983</u> | <u>4,519,946</u> | <u>367,944</u> | <u>508,952</u> | <u>17,103,825</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 3,451,665 | - | - | - | 3,451,665 |
| Judicial | 1,307,059 | - | - | 3,803 | 1,310,862 |
| Public safety | 3,415,418 | - | - | 641,195 | 4,056,613 |
| Public works | 2,650,804 | - | 149,901 | - | 2,800,705 |
| Health and welfare | 205,303 | - | - | - | 205,303 |
| Culture and recreation | 183,800 | - | - | - | 183,800 |
| Housing and development | 137,730 | - | - | - | 137,730 |
| Intergovernmental | - | 2,643,189 | - | - | 2,643,189 |
| Capital outlay | - | 2,764,381 | 146,829 | - | 2,911,210 |
| Total expenditures | <u>11,351,779</u> | <u>5,407,570</u> | <u>296,730</u> | <u>644,998</u> | <u>17,701,077</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>355,204</u> | <u>(887,624)</u> | <u>71,214</u> | <u>(136,046)</u> | <u>(597,252)</u> |
| Other financing sources (uses): | | | | | |
| Proceeds from sale of capital assets | 16,815 | - | - | - | 16,815 |
| Transfers in | - | - | - | 215,173 | 215,173 |
| Transfers out | (215,173) | - | - | - | (215,173) |
| Total other financing sources (uses) | <u>(198,358)</u> | <u>-</u> | <u>-</u> | <u>215,173</u> | <u>16,815</u> |
| Net change in fund balances | 156,846 | (887,624) | 71,214 | 79,127 | (580,437) |
| Fund balances, beginning of year | <u>16,256,268</u> | <u>1,127,900</u> | <u>518,040</u> | <u>1,141,424</u> | <u>19,043,632</u> |
| Fund balances, end of year | <u>\$ 16,413,114</u> | <u>\$ 240,276</u> | <u>\$ 589,254</u> | <u>\$ 1,220,551</u> | <u>\$ 18,463,195</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, 2018**

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

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds | \$ (580,437) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | 192,917 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. | (180,469) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 246,978 |
| 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>(33,666)</u> |
| Change in net position of governmental activities | <u>\$ (354,677)</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, 2018

| | Budget | | Actual | Variance With Final Budget |
|----------------------------|--------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 6,703,999 | \$ 6,704,000 | \$ 6,827,620 | \$ 123,620 |
| Sales taxes | 1,750,000 | 1,750,000 | 1,786,145 | 36,145 |
| Other taxes | 856,410 | 856,410 | 913,344 | 56,934 |
| Licenses and permits | 7,500 | 7,500 | 8,392 | 892 |
| Intergovernmental | 721,317 | 721,317 | 1,055,535 | 334,218 |
| Charges for services | 559,735 | 559,735 | 598,934 | 39,199 |
| Fines and forfeitures | 337,000 | 337,000 | 368,612 | 31,612 |
| Investment income | 8,000 | 8,000 | 5,264 | (2,736) |
| Miscellaneous | 64,736 | 64,736 | 143,137 | 78,401 |
| Total revenues | 11,008,697 | 11,008,698 | 11,706,983 | 698,285 |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| County commissioners | 87,117 | 87,117 | 83,140 | 3,977 |
| County manager | 124,382 | 124,382 | 118,711 | 5,671 |
| Elections | 186,452 | 186,452 | 132,442 | 54,010 |
| General administration | 1,736,316 | 1,736,317 | 1,852,718 | (116,401) |
| Financial administration | 174,098 | 174,098 | 153,687 | 20,411 |
| Law | 50,000 | 50,000 | 21,998 | 28,002 |
| Tax commissioner | 281,106 | 281,106 | 279,465 | 1,641 |
| Tax assessor | 305,984 | 305,984 | 279,660 | 26,324 |
| Board of equalization | 5,000 | 5,000 | 2,282 | 2,718 |
| Public buildings | 525,466 | 525,466 | 527,562 | (2,096) |
| Total general government | 3,475,921 | 3,475,922 | 3,451,665 | 24,257 |
| Judicial: | | | | |
| Superior court | 100,632 | 100,632 | 124,033 | (23,401) |
| Clerk of superior court | 307,912 | 307,912 | 293,266 | 14,646 |
| District attorney | 219,230 | 219,230 | 228,997 | (9,767) |
| State court | 102,304 | 102,304 | 92,933 | 9,371 |
| Magistrate court | 208,859 | 208,859 | 187,509 | 21,350 |
| Probate court | 127,547 | 127,547 | 128,693 | (1,146) |
| Public defender | 145,255 | 145,255 | 122,716 | 22,539 |
| Solicitor | 93,361 | 93,361 | 89,960 | 3,401 |
| Juvenile court | 45,822 | 45,822 | 38,952 | 6,870 |
| Total judicial | 1,350,922 | 1,350,922 | 1,307,059 | 43,863 |
| Public safety: | | | | |
| Sheriff | 1,467,199 | 1,467,199 | 1,456,937 | 10,262 |
| Jail | 1,605,618 | 1,605,618 | 1,539,924 | 65,694 |
| Court security | 34,914 | 34,914 | 34,848 | 66 |
| Fire | 156,515 | 156,515 | 231,965 | (75,450) |
| Coroner | 26,890 | 26,890 | 21,144 | 5,746 |
| Animal control | 50,000 | 50,000 | 47,060 | 2,940 |
| Emergency management | 82,248 | 82,248 | 83,540 | (1,292) |
| Total public safety | 3,423,384 | 3,423,384 | 3,415,418 | 7,966 |
| Public works: | | | | |
| Highways and streets | 1,719,232 | 1,719,232 | 2,186,682 | (467,450) |
| Solid waste collection | 441,618 | 441,618 | 381,763 | 59,855 |
| Maintenance and shop | 72,858 | 72,858 | 82,359 | (9,501) |
| Total public works | 2,233,708 | 2,233,708 | 2,650,804 | (417,096) |

(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, 2018

| | Budget | | Actual | Variance With Final Budget |
|--|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Expenditures (continued): | | | | |
| Current (continued): | | | | |
| Health and welfare: | | | | |
| Health department buildings | \$ 133,920 | \$ 133,920 | \$ 130,840 | \$ 3,080 |
| DFCS | 70,560 | 70,560 | 70,296 | 264 |
| Community services | 11,209 | 11,209 | 4,167 | 7,042 |
| Total health and welfare | <u>215,689</u> | <u>215,689</u> | <u>205,303</u> | <u>10,386</u> |
| Culture and recreation: | | | | |
| Recreation | 100,571 | 100,571 | 137,800 | (37,229) |
| Library | 46,000 | 46,000 | 46,000 | - |
| Total culture and recreation | <u>146,571</u> | <u>146,571</u> | <u>183,800</u> | <u>(37,229)</u> |
| Housing and development: | | | | |
| Extension service | 74,883 | 74,883 | 67,704 | 7,179 |
| Georgia Forestry Commission | 15,706 | 15,706 | 7,907 | 7,799 |
| Code enforcement | 43,637 | 43,637 | 33,656 | 9,981 |
| Economic development | 11,700 | 11,700 | 11,700 | - |
| Community development | 16,576 | 16,576 | 16,763 | (187) |
| Total housing and development | <u>162,502</u> | <u>162,502</u> | <u>137,730</u> | <u>24,772</u> |
| Total expenditures | <u>11,008,697</u> | <u>11,008,698</u> | <u>11,351,779</u> | <u>(343,081)</u> |
| Excess of revenues over expenditures | <u>-</u> | <u>-</u> | <u>355,204</u> | <u>355,204</u> |
| Other financing sources (uses): | | | | |
| Transfers out | - | - | (215,173) | (215,173) |
| Proceeds from sale of assets | - | - | 16,815 | 16,815 |
| Total other financing uses, net | <u>-</u> | <u>-</u> | <u>(198,358)</u> | <u>(198,358)</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>156,846</u> | <u>156,846</u> |
| Fund balance, beginning of year | <u>16,256,268</u> | <u>16,256,268</u> | <u>16,256,268</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 16,256,268</u> | <u>\$ 16,256,268</u> | <u>\$ 16,413,114</u> | <u>\$ 156,846</u> |

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

TOOMBS COUNTY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2018

| ASSETS | Landfill | Ambulance | Totals |
|---|--------------|------------|--------------|
| CURRENT ASSETS | | | |
| Cash | \$ 3,041,920 | \$ 39,739 | \$ 3,081,659 |
| Restricted cash | 507,559 | - | 507,559 |
| Accounts receivable | 222,730 | 348,938 | 571,668 |
| Due from other governments | - | 17,018 | 17,018 |
| Total current assets | 3,772,209 | 405,695 | 4,177,904 |
| NONCURRENT ASSETS | | | |
| Capital assets: | | | |
| Non-depreciable | 1,420,174 | - | 1,420,174 |
| Depreciable, net of accumulated depreciation | 2,832,951 | 603,724 | 3,436,675 |
| Total capital assets | 4,253,125 | 603,724 | 4,856,849 |
| Total noncurrent assets | 4,253,125 | 603,724 | 4,856,849 |
| Total assets | 8,025,334 | 1,009,419 | 9,034,753 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension | 21,487 | 150,412 | 171,899 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | 52,201 | 27,865 | 80,066 |
| Accrued liabilities | 4,452 | 7,860 | 12,312 |
| Compensated absences payable, current | 21,680 | 29,878 | 51,558 |
| Due to other funds | 159,000 | 478,349 | 637,349 |
| Revenue bonds payable, current portion | 395,042 | - | 395,042 |
| Accrued closure/post-closure costs, current portion | 51,992 | - | 51,992 |
| Total current liabilities | 684,367 | 543,952 | 1,228,319 |
| LONG-TERM LIABILITIES | | | |
| Revenue bonds payable, net of current portion | 1,738,630 | - | 1,738,630 |
| Accrued closure/post-closure costs | 4,028,661 | - | 4,028,661 |
| Net pension liability | 28,236 | 197,655 | 225,891 |
| Total long-term liabilities | 5,795,527 | 197,655 | 5,993,182 |
| Total liabilities | 6,479,894 | 741,607 | 7,221,501 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension | 8,816 | 61,715 | 70,531 |
| NET POSITION | | | |
| Net investment in capital assets | 2,119,453 | 603,724 | 2,723,177 |
| Unrestricted | (561,342) | (247,215) | (808,557) |
| Total net position | \$ 1,558,111 | \$ 356,509 | \$ 1,914,620 |

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, 2018**

| | <u>Landfill</u> | <u>Ambulance</u> | <u>Totals</u> |
|--|---------------------|-------------------|---------------------|
| Operating revenues: | | | |
| Charges for services: | | | |
| Landfill use fees | \$ 1,335,023 | \$ - | \$ 1,335,023 |
| Ambulance services | - | 1,935,554 | 1,935,554 |
| Miscellaneous | 682,156 | - | 682,156 |
| Intergovernmental revenues | - | 220,023 | 220,023 |
| Total operating revenues | <u>2,017,179</u> | <u>2,155,577</u> | <u>4,172,756</u> |
| Operating expenses: | | | |
| Personal services | 288,119 | 1,678,122 | 1,966,241 |
| Purchased/contracted services | 405,952 | 137,938 | 543,890 |
| Supplies and materials | 233,070 | 173,918 | 406,988 |
| Repairs and maintenance | - | 181,246 | 181,246 |
| Utilities | 73,177 | 128,267 | 201,444 |
| Depreciation | 816,061 | 134,774 | 950,835 |
| Total operating expenses | <u>1,816,379</u> | <u>2,434,265</u> | <u>4,250,644</u> |
| Operating income (loss) | <u>200,800</u> | <u>(278,688)</u> | <u>(77,888)</u> |
| Nonoperating revenue (expense): | | | |
| Investment income | 1,772 | - | 1,772 |
| Interest expense | (71,380) | - | (71,380) |
| Total nonoperating expense, net | <u>(69,608)</u> | <u>-</u> | <u>(69,608)</u> |
| Income (loss) before contributions | 131,192 | (278,688) | (147,496) |
| Capital contributions | <u>-</u> | <u>180,469</u> | <u>180,469</u> |
| Change in net position | 131,192 | (98,219) | 32,973 |
| Net position, beginning of year | <u>1,426,919</u> | <u>454,728</u> | <u>1,881,647</u> |
| Net position, end of year | <u>\$ 1,558,111</u> | <u>\$ 356,509</u> | <u>\$ 1,914,620</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, 2018**

| | <u>Landfill</u> | <u>Ambulance</u> | <u>Totals</u> |
|--|---------------------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 2,007,950 | \$ 2,176,951 | \$ 4,184,901 |
| Payments to suppliers and service providers | (578,843) | (611,982) | (1,190,825) |
| Payments to employees | (285,968) | (1,672,687) | (1,958,655) |
| Net cash provided by (used in) operating activities | <u>1,143,139</u> | <u>(107,718)</u> | <u>1,035,421</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition of property and equipment | (21,051) | - | (21,051) |
| Principal paid on revenue bonds | (382,960) | - | (382,960) |
| Interest paid on revenue bonds | (72,372) | - | (72,372) |
| Net cash used in capital and related financing activities | <u>(476,383)</u> | <u>-</u> | <u>(476,383)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest on investments | 1,772 | - | 1,772 |
| Net cash provided by investing activities | <u>1,772</u> | <u>-</u> | <u>1,772</u> |
| Net increase (decrease) in cash and cash equivalents | 668,528 | (107,718) | 560,810 |
| Cash and cash equivalents: | | | |
| Beginning of year | <u>2,880,951</u> | <u>147,457</u> | <u>3,028,408</u> |
| End of year | <u>\$ 3,549,479</u> | <u>\$ 39,739</u> | <u>\$ 3,589,218</u> |
| Classified as: | | | |
| Cash | \$ 3,041,920 | \$ 39,739 | \$ 3,081,659 |
| Restricted cash | 507,559 | - | 507,559 |
| | <u>\$ 3,549,479</u> | <u>\$ 39,739</u> | <u>\$ 3,589,218</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | \$ 200,800 | \$ (278,688) | \$ (77,888) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 816,061 | 134,774 | 950,835 |
| Decrease (increase) in accounts receivable | (9,229) | 21,374 | 12,145 |
| Decrease in deferred outflows of resources | 5,355 | 67,304 | 72,659 |
| Increase (decrease) in accounts payable | (51,035) | 2,810 | (48,225) |
| Decrease in accrued liabilities | (496) | - | (496) |
| Increase in compensated absences | 2,647 | 5,435 | 8,082 |
| Increase in accrued closure/post-closure costs | 179,945 | - | 179,945 |
| Increase in deferred inflows of resources-pension | 8,687 | 60,709 | 69,396 |
| Decrease in net pension liability | (9,596) | (121,436) | (131,032) |
| Net cash provided by (used in) operating activities | <u>\$ 1,143,139</u> | <u>\$ (107,718)</u> | <u>\$ 1,035,421</u> |
| NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | |
| Purchase of assets by other funds | \$ - | \$ 180,469 | \$ 180,469 |
| Total noncash investing, capital and financing activities | <u>\$ -</u> | <u>\$ 180,469</u> | <u>\$ 180,469</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, 2018**

| ASSETS | Agency Funds |
|--------------------|-------------------------|
| Cash | \$ 2,616,768 |
| Taxes receivable | 2,139,292 |
| Total assets | <u>\$ 4,756,060</u> |
| | |
| LIABILITIES | |
| Due to others | \$ 2,616,768 |
| Uncollected taxes | 2,139,292 |
| Total liabilities | <u>\$ 4,756,060</u> |

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

TOOMBS COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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.

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 **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.

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 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 **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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

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

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."

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 acquisition value. The County has retroactively reported major general infrastructure assets. In this case, the County chose to include all items regardless of their acquisition date. The County was able to estimate the historical cost for the initial reporting of these assets through 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

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

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

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 in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 four 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 County reports deferred outflow of resources for assumption changes which are amortized over pension expense over a five year period.

Also, 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. Additionally, any contribution 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. Also, experience differences result from periodic studies by the County's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, resulting as a deferred outflow of resources.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of 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 two items that qualify for reporting in this category, one of which 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. The other 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)

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.
- **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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

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

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

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.

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

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

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

The details of this difference are as follows:

| | |
|---|----------------------------|
| Accrued interest | \$ (68) |
| Compensated absences | (249,651) |
| Net pension liability | <u>(715,322)</u> |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | <u><u>\$ (965,041)</u></u> |

NOTES TO FINANCIAL STATEMENTS

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

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

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

The details of this difference are as follows:

| | |
|--|-------------------|
| Capital outlay | \$ 1,149,325 |
| Depreciation expense | (956,408) |
| 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> | <u>\$ 192,917</u> |

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

| | |
|--|--------------------|
| Change in accrued interest | \$ 171 |
| Change in compensated absences | (37,576) |
| Change in net pension liability and related deferred inflows and outflows | <u>3,739</u> |
| Net adjustment to reduce <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> . | <u>\$ (33,666)</u> |

NOTES TO FINANCIAL STATEMENTS

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 the capital project funds, which 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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Excess Expenditures over Appropriations

For the year ended December 31, 2018, expenditures exceeded budget in the applicable governmental funds, as follows:

| <u>Department</u> | <u>Excess</u> |
|------------------------|---------------|
| General Fund | |
| General administration | \$ 116,401 |
| Public buildings | 2,096 |
| Superior court | 23,401 |
| District attorney | 9,767 |
| Probate court | 1,146 |
| Fire | 75,450 |
| Emergency management | 1,292 |
| Highways and Streets | 467,450 |
| Maintenance and shop | 9,501 |
| Recreation | 37,229 |
| Community development | 187 |
| Jail Commissary Fund | |
| Public Safety | 8,146 |

These over expenditures were funded by additional unanticipated revenues.

C. Deficit Fund Balance

For the year ended December 31, 2018, Emergency Telephone System fund had a deficit fund balance of \$115,710.

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 December 31, 2018, the County held no investments.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2018, 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, 2018, consist of the following:

| | General Fund | SPLOST Fund | T-SPLOST Fund | Landfill Fund | Ambulance Fund | Nonmajor Governmental Funds | Total |
|----------------------------|---------------------|-------------------|------------------|-------------------|-------------------|-----------------------------------|---------------------|
| Receivables: | | | | | | | |
| Taxes | \$ 1,797,285 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,797,285 |
| Accounts | - | - | - | 222,730 | 348,938 | 64,699 | 636,367 |
| Due from other governments | 431,353 | 425,640 | 42,792 | - | 17,018 | - | 916,803 |
| Gross receivables | 2,228,638 | 425,640 | 42,792 | 222,730 | 365,956 | 64,699 | 3,350,455 |
| Less allowance | - | - | - | - | - | - | - |
| Net receivables | <u>\$ 2,228,638</u> | <u>\$ 425,640</u> | <u>\$ 42,792</u> | <u>\$ 222,730</u> | <u>\$ 365,956</u> | <u>\$ 64,699</u> | <u>\$ 3,350,455</u> |

Property taxes were levied on September 7, 2018. Bills are payable on or before December 20, 2018, after which the applicable property is subject to lien, penalties and interest are assessed. Property taxes attached as an enforceable lien on property as of December 20, 2018. The County bills and collects its own property taxes. Property taxes levied for 2018 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2018, and collected by February 28, 2019, are recognized as revenues in the year ended December 31, 2018. Net receivables estimated to be collected subsequent to February 28, 2019, are deferred as of December 31, 2018, and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------|------------------|---------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 414,988 | \$ - | \$ - | \$ - | \$ 414,988 |
| Construction in progress | 589,297 | - | - | (589,297) | - |
| Total | <u>1,004,285</u> | <u>-</u> | <u>-</u> | <u>(589,297)</u> | <u>414,988</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 5,801,387 | - | - | 589,297 | 6,390,684 |
| Improvements | 903,090 | 26,151 | - | - | 929,241 |
| Infrastructure | 15,479,104 | - | - | - | 15,479,104 |
| Furniture and fixtures | 446,191 | - | - | - | 446,191 |
| Machinery and equipment | 7,341,634 | 1,123,174 | (89,000) | (180,469) | 8,195,339 |
| Total | <u>29,971,406</u> | <u>1,149,325</u> | <u>(89,000)</u> | <u>408,828</u> | <u>31,440,559</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (3,103,747) | (128,312) | - | - | (3,232,059) |
| Improvements | (271,630) | (36,106) | - | - | (307,736) |
| Infrastructure | (9,544,662) | (176,722) | - | - | (9,721,384) |
| Furniture and fixtures | (351,754) | (15,405) | - | - | (367,159) |
| Machinery and equipment | (4,894,810) | (599,863) | 89,000 | - | (5,405,673) |
| Total | <u>(18,166,603)</u> | <u>(956,408)</u> | <u>89,000</u> | <u>-</u> | <u>(19,034,011)</u> |
| Total capital assets, being depreciated, net | <u>11,804,803</u> | <u>192,917</u> | <u>-</u> | <u>408,828</u> | <u>12,406,548</u> |
| Governmental activities capital assets, net | <u>\$ 12,809,088</u> | <u>\$ 192,917</u> | <u>\$ -</u> | <u>\$ (180,469)</u> | <u>\$ 12,821,536</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|------------------|-------------------|---------------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 1,420,174 | \$ - | \$ - | \$ - | \$ 1,420,174 |
| Total | <u>1,420,174</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,420,174</u> |
| Capital assets, being depreciated: | | | | | |
| Land (landfill) | 11,237,454 | - | - | - | 11,237,454 |
| Buildings | 1,640,197 | - | - | - | 1,640,197 |
| Machinery and equipment | 4,034,544 | 21,051 | - | 180,469 | 4,236,064 |
| Total | <u>16,912,195</u> | <u>21,051</u> | <u>-</u> | <u>180,469</u> | <u>17,113,715</u> |
| Less accumulated depreciation for: | | | | | |
| Land (landfill) | (8,480,918) | (576,891) | - | - | (9,057,809) |
| Buildings | (1,107,921) | (50,221) | - | - | (1,158,142) |
| Machinery and equipment | (3,137,366) | (323,723) | - | - | (3,461,089) |
| Total | <u>(12,726,205)</u> | <u>(950,835)</u> | <u>-</u> | <u>-</u> | <u>(13,677,040)</u> |
| Total capital assets, being depreciated, net | <u>4,185,990</u> | <u>(929,784)</u> | <u>-</u> | <u>180,469</u> | <u>3,436,675</u> |
| Business-type activities capital assets, net | <u>\$ 5,606,164</u> | <u>\$ (929,784)</u> | <u>\$ -</u> | <u>\$ 180,469</u> | <u>\$ 4,856,849</u> |

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

| | |
|--|-------------------|
| Governmental activities: | |
| General government | \$ 110,841 |
| Judicial | 379 |
| Public safety | 309,962 |
| Public works | 473,824 |
| Health and welfare | 45,372 |
| Culture and recreation | 16,030 |
| Total depreciation expense - governmental activities | <u>\$ 956,408</u> |
| Business-type activities: | |
| Landfill | \$ 816,061 |
| Ambulance Fund | 134,774 |
| Total depreciation expense - business-type activities | <u>\$ 950,835</u> |

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>Transfers</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|---------------------|------------------|---------------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 2,317,341 | \$ - | \$ (120,872) | \$ - | \$ 2,196,469 |
| Total | <u>2,317,341</u> | <u>-</u> | <u>(120,872)</u> | <u>-</u> | <u>2,196,469</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 3,811,054 | - | - | - | 3,811,054 |
| Infrastructure | 200,000 | - | - | - | 200,000 |
| Equipment | 100,000 | - | - | - | 100,000 |
| Vehicles | 50,701 | - | (50,701) | - | - |
| Total | <u>4,161,755</u> | <u>-</u> | <u>(50,701)</u> | <u>-</u> | <u>4,111,054</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (329,164) | (80,713) | - | - | (409,877) |
| Infrastructure | (168,334) | (20,000) | - | - | (188,334) |
| Equipment | (100,000) | - | - | - | (100,000) |
| Vehicles | (22,816) | (4,225) | 27,041 | - | - |
| Total | <u>(620,314)</u> | <u>(104,938)</u> | <u>27,041</u> | <u>-</u> | <u>(698,211)</u> |
| Total capital assets, being depreciated, net | <u>3,541,441</u> | <u>(104,938)</u> | <u>(23,660)</u> | <u>-</u> | <u>3,412,843</u> |
| Development Authority capital assets, net | <u>\$ 5,858,782</u> | <u>\$ (104,938)</u> | <u>\$ (144,532)</u> | <u>\$ -</u> | <u>\$ 5,609,312</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, 2018:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|-------------------|-----------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 212,075 | \$ 218,606 | \$ (181,030) | \$ 249,651 | \$ 249,651 |
| Net pension liability | 1,159,220 | 537,369 | (981,267) | 715,322 | - |
| Governmental activities Long-term liabilities | <u>\$ 1,371,295</u> | <u>\$ 755,975</u> | <u>\$ (1,162,297)</u> | <u>\$ 964,973</u> | <u>\$ 249,651</u> |
| Business-type activities: | | | | | |
| Landfill closure and post-closure costs | \$ 3,900,708 | \$ 179,945 | \$ - | \$ 4,080,653 | \$ 51,992 |
| Revenue bonds | 2,517,624 | - | (383,952) | 2,133,672 | 395,042 |
| Compensated absences | 43,476 | 28,248 | (20,166) | 51,558 | 51,558 |
| Net pension liability | 356,923 | 169,696 | (300,728) | 225,891 | - |
| Business-type activities Long-term liabilities | <u>\$ 6,818,731</u> | <u>\$ 377,889</u> | <u>\$ (704,846)</u> | <u>\$ 6,491,774</u> | <u>\$ 498,592</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.

Landfill Closure and Post-closure 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 post-closure costs of approximately \$1,139,555 over the remaining 16-year period. These costs are based on what it would cost to perform all post-closure 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 post-closure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

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 post-closure 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 post-closure 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 post-closure care of the Construction and Demolition Landfill and the Landfill Phase III is \$730,562 and \$3,206,129, respectively, at December 31, 2018, the cumulative amount of the liability at December 31, 2018, which is based on the use of approximately 95.82% of the Construction and Demolition Landfill and 69.90% of the Landfill Phase III, is \$700,017 and \$2,241,082, respectively. The County will recognize the remaining estimated cost of closure and post-closure care of \$30,545 and \$965,047 respectively, as the remaining estimated capacity is filled. These costs are based on what it would cost to perform all closure and post-closure care in 2018. 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.

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 was completed as of December 31, 2016. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

The annual requirements for debt service on the Solid Waste Revenue Bonds drawn down at December 31, 2018, are as follows:

| <u>Fiscal Year Payable</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|---------------------|-------------------|---------------------|
| 2019 | \$ 395,042 | \$ 60,787 | \$ 455,829 |
| 2020 | 407,504 | 48,325 | 455,829 |
| 2021 | 420,360 | 35,469 | 455,829 |
| 2022 | 433,621 | 22,208 | 455,829 |
| 2023 | 447,300 | 8,529 | 455,829 |
| 2024 | 29,845 | 80 | 29,925 |
| | <u>\$ 2,133,672</u> | <u>\$ 175,398</u> | <u>\$ 2,309,070</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, 2018:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|------------------|---------------------|---------------------------|--------------------------------|
| Development Authority | | | | | |
| Notes payable | \$ 1,091,352 | \$ - | \$ (498,798) | \$ 592,554 | \$ 485,542 |
| Line of credit | 400 | - | (400) | - | - |
| Development Authority Long-term liabilities | <u>\$ 1,091,752</u> | <u>\$ -</u> | <u>\$ (499,198)</u> | <u>\$ 592,554</u> | <u>\$ 485,542</u> |

Notes Payable. 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, 2018, the principal balance of this note was \$209,835

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 \$382,719 had been drawn by the Development Authority as of December 31, 2018. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

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> |
|----------------------------|-------------------|-----------------|-------------------|
| 2019 | \$ 485,542 | \$ 6,522 | \$ 492,064 |
| 2020 | 107,012 | 2,332 | 109,344 |
| | <u>\$ 592,554</u> | <u>\$ 8,854</u> | <u>\$ 601,408</u> |

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances as of December 31, 2018, are as follows:

| <u>Due To</u> | <u>Due From</u> | <u>Amount</u> |
|---------------|-----------------------------|-------------------|
| General Fund | Ambulance Fund | \$ 478,349 |
| General Fund | Landfill Fund | 159,000 |
| General Fund | Nonmajor Governmental Funds | 170,213 |
| SPLOST Fund | T-SPLOST Fund | 121,539 |
| | | <u>\$ 929,101</u> |

These balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers as of December 31, 2018, are as follows:

| <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------------------|----------------------|
| | <u>General Fund</u> |
| <u>Nonmajor Governmental Funds</u> | <u>\$ 215,173</u> |

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) to transfer funds for debt service.

NOTES TO 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, 2018, the County paid \$12,218 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated ("O.C.G.A.") 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. O.C.G.A. Section 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.

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, ("GenCorp"). 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 GenCorp at 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339.

Plan membership as of January 1, 2017, (the most recent actuarial valuation date) is as follows:

| | |
|---|-------------------|
| Inactive plan members or beneficiaries currently receiving benefits | 64 |
| Inactive plan members entitled to but not receiving benefits | 68 |
| Active plan members | <u>124</u> |
| Total | <u><u>256</u></u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLANS (CONTINUED)

A. Primary Government (Continued)

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 2018 Plan year is \$354,599 or 8.4% 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

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

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

| | |
|---------------------------|--|
| Inflation | 3.00% |
| Salary increases | 3.5% - 5.0%, including inflation |
| Investment rate of return | 7.25%, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for February 2014.

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, 2017, are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return* |
|------------------|----------------------|---|
| S&P 500 | 30% | 3.07% |
| Barclays Agg. | 30% | 1.97% |
| MSCI EAFE | 15% | 0.86% |
| Citi Non US WEBl | 5% | 0.30% |
| NAREIT Equity | 5% | 0.52% |
| Russell 2000 | 5% | 0.47% |
| Russell 3000 | 5% | 0.51% |
| S&P Mid Cap | 5% | 0.58% |
| Total | 100% | |

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made based on the average County contribution made to the Plan over the prior five years. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

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, 2018, were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|--|--|--|--|
| Balances at December 31, 2017 | \$ 6,427,565 | \$ 4,911,422 | \$ 1,516,143 |
| <i>Changes for the year:</i> | | | |
| Service cost | 168,222 | - | 168,222 |
| Interest | 456,661 | - | 456,661 |
| Liability experience (gain)/loss | (132,490) | - | (132,490) |
| Assumption change | 13,181 | - | 13,181 |
| Contributions-employer | - | 349,209 | (349,209) |
| Net investment income | - | 800,296 | (800,296) |
| Benefit payments, including refunds of employee contributions | (257,570) | (257,570) | - |
| Administrative expense | - | (22,454) | 22,454 |
| Other changes | - | (46,547) | 46,547 |
| <i>Net changes</i> | <u>248,004</u> | <u>822,934</u> | <u>(574,930)</u> |
| Balances at December 31, 2018 | <u>\$ 6,675,569</u> | <u>\$ 5,734,356</u> | <u>\$ 941,213</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 7.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--------------------------------|-------------------------------|--|-------------------------------|
| County's net pension liability | \$ 1,837,131 | \$ 941,213 | \$ 200,008 |

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, 2017, 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, 2018, the County recognized pension expense of \$361,883. At December 31, 2018, the County reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Investment earnings difference | \$ - | \$ 185,699 |
| Contributions subsequent to the measurement date | 354,599 | - |
| Assumption changes | 256,031 | - |
| Experience differences | 105,616 | 108,182 |
| Total | \$ 716,246 | \$ 293,881 |

County contributions subsequent to the measurement date of \$354,599 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, 2019. The remaining deferred outflows and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

| | |
|--------------------------|-----------|
| Year ending December 31: | |
| 2019 | \$ 47,738 |
| 2020 | 47,738 |
| 2021 | (27,366) |
| 2022 | (18,887) |
| 2023 | 18,543 |
| Total | \$ 67,766 |

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

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 a pending lawsuit. 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.

REQUIRED SUPPLEMENTARY INFORMATION

**TOOMBS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE YEARS ENDED DECEMBER 31,**

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Total pension liability | | | | |
| Service cost | \$ 168,222 | \$ 179,528 | \$ 154,438 | \$ 142,347 |
| Interest on total pension liability | 456,661 | 419,115 | 381,285 | 367,105 |
| Liability experience (gain)/loss | (132,490) | 153,624 | (6,288) | - |
| Assumption change | 13,181 | 204,271 | 200,759 | - |
| Benefit payments, including refunds of employee contributions | <u>(257,570)</u> | <u>(234,348)</u> | <u>(217,240)</u> | <u>(211,765)</u> |
| Net change in total pension liability | 248,004 | 722,190 | 512,954 | 297,687 |
| Total pension liability - beginning | <u>6,427,565</u> | <u>5,705,375</u> | <u>5,192,421</u> | <u>4,894,734</u> |
| Total pension liability - ending (a) | <u>\$ 6,675,569</u> | <u>\$ 6,427,565</u> | <u>\$ 5,705,375</u> | <u>\$ 5,192,421</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 349,209 | \$ 376,183 | \$ 314,178 | \$ 306,238 |
| Net investment income | 800,296 | 323,950 | 54,701 | 295,000 |
| Benefit payments, including refunds of employee contributions | (257,570) | (234,348) | (217,240) | (204,111) |
| Administrative expenses | (22,454) | (27,116) | (22,589) | (20,003) |
| Other | <u>(46,547)</u> | <u>(49,619)</u> | <u>(33,808)</u> | <u>(62,117)</u> |
| Net change in fiduciary net position | 822,934 | 389,050 | 95,242 | 315,007 |
| Plan fiduciary net position - beginning | <u>4,911,422</u> | <u>4,522,372</u> | <u>4,427,130</u> | <u>4,112,123</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 5,734,356</u> | <u>\$ 4,911,422</u> | <u>\$ 4,522,372</u> | <u>\$ 4,427,130</u> |
| County's net pension liability - ending (a) - (b) | <u>\$ 941,213</u> | <u>\$ 1,516,143</u> | <u>\$ 1,183,003</u> | <u>\$ 765,291</u> |
| Plan fiduciary net position as a percentage of total pension liability | 85.9% | 76.4% | 79.3% | 85.3% |
| Covered payroll | \$ 4,211,982 | \$ 4,438,498 | \$ 4,125,116 | \$ 3,985,619 |
| County's net pension liability as a percentage of covered payroll | 22.3% | 34.2% | 28.7% | 19.2% |

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 YEARS ENDED DECEMBER 31,**

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Actuarially determined contribution | \$ 354,599 | \$ 349,209 | \$ 376,183 | \$ 314,178 | \$ 306,238 |
| Contributions in relation to the actuarially determined contribution | <u>354,599</u> | <u>349,209</u> | <u>376,183</u> | <u>314,178</u> | <u>306,238</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered payroll | \$ 4,211,982 | \$ 4,438,498 | \$ 4,125,116 | \$ 3,985,619 | \$ 3,556,210 |
| Contributions as a percentage of covered payroll | 8.4% | 7.9% | 9.1% | 7.9% | 8.6% |

Notes to the Schedule

| | |
|----------------------------------|--|
| Valuation Date | January 1, 2017 |
| Cost Method | Entry age normal |
| Actuarial Asset Valuation Method | Smoothed market value with a 5-year smoothing period |
| Assumed Rate of Return | |
| On Investments | 7.25% |
| Projected Salary Increases | 3.50% - 5.00% (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

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.

Juvenile Services Fund is used to account for monies collected under Georgia law for probation services to juvenile offenders. Such monies are restricted to providing treatment to juvenile offenders.

DATE Fund is used to account for collection of additional penalties for certain drug related crimes and for expenditure of those funds solely and exclusively for drug abuse treatment and education programs.

TOOMBS COUNTY, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

| | Special Revenue Funds | | | | |
|--------------------------------------|----------------------------------|---------------------------|-------------------|------------------|--------------------|
| | Emergency Telephone System | Revolving Loan Fund | Jail Fund | Law Library | Jail Commissary |
| ASSETS | | | | | |
| Cash | \$ - | \$ - | \$ 258,569 | \$ 59,328 | \$ 50,395 |
| Accounts receivable | 64,344 | - | - | 355 | - |
| Due from component unit | - | 934,042 | - | - | - |
| Total assets | <u>\$ 64,344</u> | <u>\$ 934,042</u> | <u>\$ 258,569</u> | <u>\$ 59,683</u> | <u>\$ 50,395</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 7,314 | \$ - | \$ - | \$ - | \$ - |
| Accrued liabilities | 2,527 | - | - | - | - |
| Due to other funds | 170,213 | - | - | - | - |
| Total liabilities | <u>180,054</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted for: | | | | | |
| Judicial programs | - | - | - | 59,683 | - |
| Public safety | - | - | 258,569 | - | - |
| Economic development | - | 934,042 | - | - | - |
| Assigned for: | | | | | |
| Jail commissary activities | - | - | - | - | 50,395 |
| Unassigned | (115,710) | - | - | - | - |
| Total fund balances (deficits) | <u>(115,710)</u> | <u>934,042</u> | <u>258,569</u> | <u>59,683</u> | <u>50,395</u> |
| Total liabilities and fund balances | <u>\$ 64,344</u> | <u>\$ 934,042</u> | <u>\$ 258,569</u> | <u>\$ 59,683</u> | <u>\$ 50,395</u> |

| Juvenile Services Fund | DATE Fund | Total Nonmajor Governmental Funds |
|---------------------------|------------------|--|
| \$ 2,653 | \$ 30,919 | \$ 401,864 |
| - | - | 64,699 |
| - | - | 934,042 |
| <u>\$ 2,653</u> | <u>\$ 30,919</u> | <u>\$ 1,400,605</u> |
| | | |
| \$ - | \$ - | \$ 7,314 |
| - | - | 2,527 |
| - | - | 170,213 |
| <u>-</u> | <u>-</u> | <u>180,054</u> |
| | | |
| - | - | 59,683 |
| 2,653 | 30,919 | 292,141 |
| - | - | 934,042 |
| - | - | 50,395 |
| - | - | (115,710) |
| <u>2,653</u> | <u>30,919</u> | <u>1,220,551</u> |
| <u>\$ 2,653</u> | <u>\$ 30,919</u> | <u>\$ 1,400,605</u> |

TOOMBS COUNTY, GEORGIA

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

| | Special Revenue Funds | | | | |
|--|----------------------------------|---------------------------|-------------------|------------------|--------------------|
| | Emergency Telephone System | Revolving Loan Fund | Jail Fund | Law Library | Jail Commissary |
| Revenues: | | | | | |
| Fines and forfeitures | \$ - | \$ - | \$ 20,919 | \$ 13,111 | \$ - |
| Charges for services | 414,343 | - | - | - | - |
| Interest income | - | 16,440 | - | - | 21 |
| Miscellaneous | - | - | - | - | 22,458 |
| Total revenues | <u>414,343</u> | <u>16,440</u> | <u>20,919</u> | <u>13,111</u> | <u>22,479</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Judicial | - | - | - | 3,803 | - |
| Public safety | 628,030 | - | 5,019 | - | 8,146 |
| Total expenditures | <u>628,030</u> | <u>-</u> | <u>5,019</u> | <u>3,803</u> | <u>8,146</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(213,687)</u> | <u>16,440</u> | <u>15,900</u> | <u>9,308</u> | <u>14,333</u> |
| Other financing sources: | | | | | |
| Transfers in | 215,173 | - | - | - | - |
| Total other financing sources | <u>215,173</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 1,486 | 16,440 | 15,900 | 9,308 | 14,333 |
| Fund balances (deficits), beginning of year | <u>(117,196)</u> | <u>917,602</u> | <u>242,669</u> | <u>50,375</u> | <u>36,062</u> |
| Fund balances (deficits), end of year | <u>\$ (115,710)</u> | <u>\$ 934,042</u> | <u>\$ 258,569</u> | <u>\$ 59,683</u> | <u>\$ 50,395</u> |

| <u>Juvenile Services Fund</u> | <u>DATE Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|-----------------------------------|----------------------|--|
| \$ 2,503 | \$ 19,157 | \$ 55,690 |
| - | - | 414,343 |
| - | - | 16,461 |
| - | - | 22,458 |
| <u>2,503</u> | <u>19,157</u> | <u>508,952</u> |
| - | - | 3,803 |
| - | - | 641,195 |
| - | - | 644,998 |
| <u>2,503</u> | <u>19,157</u> | <u>(136,046)</u> |
| - | - | 215,173 |
| - | - | 215,173 |
| 2,503 | 19,157 | 79,127 |
| <u>150</u> | <u>11,762</u> | <u>1,141,424</u> |
| <u>\$ 2,653</u> | <u>\$ 30,919</u> | <u>\$ 1,220,551</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, 2018**

| | <u>Emergency Telephone System Fund</u> | | |
|---|--|---------------------|------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
| REVENUES | | | |
| Fines and forfeitures | \$ - | \$ - | \$ - |
| Charges for services | 410,000 | 414,343 | 4,343 |
| Interest income | - | - | - |
| Total revenues | <u>410,000</u> | <u>414,343</u> | <u>4,343</u> |
| EXPENDITURES | | | |
| Public safety | <u>763,723</u> | <u>628,030</u> | <u>135,693</u> |
| Total expenditures | <u>763,723</u> | <u>628,030</u> | <u>135,693</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(353,723)</u> | <u>(213,687)</u> | <u>140,036</u> |
| OTHER FINANCING SOURCES | | | |
| Transfers in | <u>353,723</u> | <u>215,173</u> | <u>(138,550)</u> |
| Total other financing sources | <u>353,723</u> | <u>215,173</u> | <u>(138,550)</u> |
| Net changes in fund balance | <u>-</u> | <u>1,486</u> | <u>1,486</u> |
| Fund balance (deficit), beginning of year | <u>(117,196)</u> | <u>(117,196)</u> | <u>-</u> |
| Fund balance (deficit), end of year | <u>\$ (117,196)</u> | <u>\$ (115,710)</u> | <u>\$ 1,486</u> |

(Continued)

| Revolving Loan Fund | | | Jail Fund | | |
|---------------------------|-------------------|-----------------|---------------------------|-------------------|-------------------|
| Original and Final Budget | Actual | Variance | Original and Final Budget | Actual | Variance |
| \$ - | \$ - | \$ - | \$ 35,000 | \$ 20,919 | \$ (14,081) |
| - | - | - | - | - | - |
| 10,000 | 16,440 | 6,440 | - | - | - |
| 10,000 | 16,440 | 6,440 | 35,000 | 20,919 | (14,081) |
| - | - | - | 10,000 | 5,019 | 4,981 |
| - | - | - | 10,000 | 5,019 | 4,981 |
| 10,000 | 16,440 | 6,440 | 25,000 | 15,900 | (9,100) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 10,000 | 16,440 | 6,440 | 25,000 | 15,900 | (9,100) |
| 917,602 | 917,602 | - | 242,669 | 242,669 | - |
| <u>\$ 927,602</u> | <u>\$ 934,042</u> | <u>\$ 6,440</u> | <u>\$ 267,669</u> | <u>\$ 258,569</u> | <u>\$ (9,100)</u> |

TOOMBS COUNTY, GEORGIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

| | Law Library Fund | | |
|---------------------------------|--------------------------------------|------------------|-----------------|
| | Original and Final Budget | Actual | Variance |
| REVENUES | | | |
| Fines and forfeitures | \$ 15,000 | \$ 13,111 | \$ (1,889) |
| Interest income | - | - | - |
| Miscellaneous | - | - | - |
| Total revenues | <u>15,000</u> | <u>13,111</u> | <u>(1,889)</u> |
| EXPENDITURES | | | |
| Judicial | 15,000 | 3,803 | 11,197 |
| Public safety | - | - | - |
| Total expenditures | <u>15,000</u> | <u>3,803</u> | <u>11,197</u> |
| Net changes in fund balance | <u>-</u> | <u>9,308</u> | <u>9,308</u> |
| Fund balance, beginning of year | <u>50,375</u> | <u>50,375</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 50,375</u> | <u>\$ 59,683</u> | <u>\$ 9,308</u> |

(Continued)

| Jail Commissary Fund | | | Juvenile Services Fund | | |
|---------------------------|------------------|------------------|---------------------------|-----------------|-----------------|
| Original and Final Budget | Actual | Variance | Original and Final Budget | Actual | Variance |
| \$ - | \$ - | \$ - | \$ - | \$ 2,503 | \$ 2,503 |
| - | 21 | 21 | - | - | - |
| - | 22,458 | 22,458 | - | - | - |
| - | 22,479 | 22,479 | - | 2,503 | 2,503 |
| - | - | - | - | - | - |
| - | 8,146 | (8,146) | - | - | - |
| - | 8,146 | (8,146) | - | - | - |
| - | 14,333 | 14,333 | - | 2,503 | 2,503 |
| 36,062 | 36,062 | - | 150 | 150 | - |
| <u>\$ 36,062</u> | <u>\$ 50,395</u> | <u>\$ 14,333</u> | <u>\$ 150</u> | <u>\$ 2,653</u> | <u>\$ 2,503</u> |

TOOMBS COUNTY, GEORGIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

| | DATE Fund | | |
|---------------------------------|------------------------------|------------------|------------------|
| | Original and Final Budget | Actual | Variance |
| REVENUES | | | |
| Fines and forfeitures | \$ - | \$ 19,157 | \$ 19,157 |
| Total revenues | <u>-</u> | <u>19,157</u> | <u>19,157</u> |
| EXPENDITURES | | | |
| Judicial | - | - | - |
| Public safety | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balance | <u>-</u> | <u>19,157</u> | <u>19,157</u> |
| Fund balance, beginning of year | <u>11,762</u> | <u>11,762</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 11,762</u> | <u>\$ 30,919</u> | <u>\$ 19,157</u> |

(Concluded)

TOOMBS COUNTY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

| <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 | 529,245 | - | 529,245 |
| Roads, Bridges, and Sidewalks | - | 2,200,000 | 6,455,719 | 1,107,921 | 7,563,640 |
| Sheriff Annex | - | 2,800,000 | 615,717 | 254,777 | 870,494 |
| Machinery and Equipment | 67,189 | 3,000,000 | 5,106,577 | 636,183 | 5,742,760 |
| Vehicles | 76,962 | 76,962 | 2,004,725 | 506,860 | 2,511,585 |
| Recreation Allocations | 74,833 | 1,000,000 | 750,359 | 258,639 | 1,008,998 |
| City of Vidalia | 15,770,000 | 15,770,000 | 17,052,337 | 1,875,083 | 18,927,420 |
| City of Lyons | 6,080,000 | 6,080,000 | 6,574,224 | 722,924 | 7,297,148 |
| City of Santa Claus | 380,000 | 380,000 | 411,122 | 45,183 | 456,305 |
| Total | \$ 22,662,080 | \$ 34,654,899 | \$ 40,847,962 | \$ 5,407,570 | \$ 46,255,532 |

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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, 2018**

| ASSETS | <u>Tax Commissioner</u> | <u>Clerk of Superior Court</u> | <u>Probate Court</u> | <u>Magistrate Court</u> | <u>Sheriff</u> | <u>Total</u> |
|------------------------|-----------------------------|--|--------------------------|-----------------------------|-------------------|---------------------|
| Cash | \$ 2,341,107 | \$ 80,763 | \$ 2,839 | \$ 51,212 | \$ 140,847 | \$ 2,616,768 |
| Taxes receivable | <u>2,139,292</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,139,292</u> |
| Total assets | <u>\$ 4,480,399</u> | <u>\$ 80,763</u> | <u>\$ 2,839</u> | <u>\$ 51,212</u> | <u>\$ 140,847</u> | <u>\$ 4,756,060</u> |
| LIABILITIES | | | | | | |
| Due to others | \$ 2,341,107 | \$ 80,763 | \$ 2,839 | \$ 51,212 | \$ 140,847 | \$ 2,616,768 |
| Uncollected taxes | <u>2,139,292</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,139,292</u> |
| Total liabilities | <u>\$ 4,480,399</u> | <u>\$ 80,763</u> | <u>\$ 2,839</u> | <u>\$ 51,212</u> | <u>\$ 140,847</u> | <u>\$ 4,756,060</u> |

COMPLIANCE SECTION



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

**Board of Commissioners
of 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, 2018, 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 June 5, 2019. 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.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2018-001 that we consider 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 Response to the Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
June 5, 2019

TOOMBS COUNTY, GEORGIA

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

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? ___ Yes X None Reported

Significant deficiencies identified not considered
to be material weaknesses? X Yes ___ None Reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

There was not an audit of major federal award programs for the year ended December 31, 2018 due to the total amount expended being less than \$750,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2018-001. 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, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018-001. 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.

TOOMBS COUNTY, GEORGIA

SUMMARY OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

2017-001. 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 2018-001.