

MONROE COUNTY, GEORGIA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017**

MONROE COUNTY, GEORGIA

FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

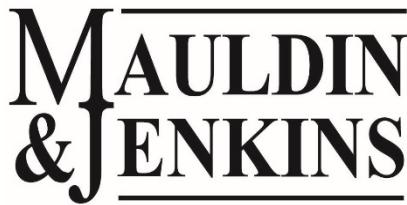
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MONROE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Monroe County, Georgia** (the "County"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Monroe 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 Monroe County Health Department, which represents 7.8% of the assets, 2.2% of the net position, and 99.1% of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe County Health Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Georgia as of December 31, 2017, 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 Schedule of Funding Progress – Other Post-Employment Benefit Plan (page 54), Schedule of Changes in the County's Net Pension Liability and Related Ratios (page 55), and Schedule of County Contributions (page 56) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

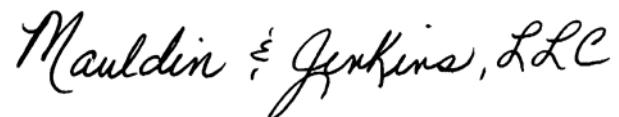
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monroe County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Monroe County, Georgia. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedules 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 schedules of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2018, on our consideration of Monroe County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe County, Georgia's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is cursive and fluid, with "Mauldin" and "& Jenkins" connected by a flourish, and "LLC" written in a smaller, separate area.

Macon, Georgia
August 20, 2018

BASIC FINANCIAL STATEMENTS

MONROE COUNTY, GEORGIA

STATEMENT OF NET POSITION DECEMBER 31, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Development Authority	Health Department
ASSETS					
Cash and cash equivalents	\$ 13,243,149	\$ 400,654	\$ 13,643,803	\$ 2,493,202	\$ 286,453
Investments	74,430	151,822	226,252	-	101,244
Taxes receivable	1,051,117	-	1,051,117	-	-
Interest receivable	73	-	73	-	-
Accounts receivable, net of allowances	1,285,999	189,754	1,475,753	200,000	48,398
Due from other governments	1,394,599	-	1,394,599	-	-
Internal balances	915,087	(915,087)	-	-	-
Inventories	334,628	55,899	390,527	-	-
Prepaid items	-	-	-	3,076	-
Restricted assets: cash	6,812,476	124,656	6,937,132	-	-
Capital assets, non-depreciable	1,846,545	375,635	2,222,180	1,923,949	-
Capital assets, depreciable, net of accumulated depreciation	68,948,784	37,426,484	106,375,268	662,575	12,040
Total assets	95,906,887	37,809,817	133,716,704	5,282,802	448,135
DEFERRED OUTFLOW OF RESOURCES					
Pensions	2,838,639	196,040	3,034,679	-	149,346
Total deferred outflows of resources	2,838,639	196,040	3,034,679	-	149,346
LIABILITIES					
Accounts payable	1,286,136	261,228	1,547,364	3,746	19,548
Accrued liabilities	980,380	42,180	1,022,560	-	6,826
Unearned revenues	34,193	-	34,193	-	-
Due to other governments	3,184	-	3,184	-	-
Accrued interest	54,244	-	54,244	-	-
Customer deposits payable	-	124,656	124,656	-	-
Capital leases due within one year	73,074	-	73,074	-	-
Capital leases due in more than one year	233,506	-	233,506	-	-
Compensated absences due within one year	110,170	25,970	136,140	-	-
Compensated absences due in more than one year	454,165	67,423	521,588	-	20,718
Net pension liability	6,203,920	428,450	6,632,370	-	434,253
Notes payable due in within one year	-	50,773	50,773	-	-
Notes payable due in more than one year	-	1,120,441	1,120,441	-	-
Bonds payable due within one year	4,505,000	-	4,505,000	-	-
Bonds payable due in more than one year	12,679,515	-	12,679,515	-	-
Past due long-term debts payable	590,000	-	590,000	-	-
Landfill closure and postclosure care costs due in more than one year	-	1,250,319	1,250,319	-	-
Net OPEB obligation due in more than one year	1,585,773	-	1,585,773	-	-
Total liabilities	28,793,260	3,371,440	32,164,700	3,746	481,345
DEFERRED INFLOW OF RESOURCES					
Pensions	-	-	-	-	2,879
Total deferred inflows of resources	-	-	-	-	2,879
NET POSITION					
Net investment in capital assets	59,281,152	37,802,119	97,083,271	2,586,524	12,040
Restricted for:					
Judicial	191,575	-	191,575	-	-
Public safety	283,823	-	283,823	-	-
Capital projects	6,530,654	-	6,530,654	-	-
Unrestricted	3,665,062	(3,167,702)	497,360	2,692,532	101,217
Total net position	\$ 69,952,266	\$ 34,634,417	\$ 104,586,683	\$ 5,279,056	\$ 113,257

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

MONROE COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Program Revenues						Net (Expenses) Revenues and Changes in Net Position					Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total			Development Authority	Health Department		
								Grants and Contributions	Activities				
Primary government:													
Governmental activities:													
General government	\$ 4,835,297	\$ 1,126,604	\$ -	\$ 116	\$ (3,708,577)	\$ -	\$ (3,708,577)	\$ -	\$ -	\$ -	\$ -		
Judicial	2,243,593	1,271,124	-	-	(972,469)	-	(972,469)	-	-	-	-		
Public safety	11,999,458	1,707,038	296,044	-	(9,996,376)	-	(9,996,376)	-	-	-	-		
Public works	6,787,035	27,115	477,501	90,000	(6,192,419)	-	(6,192,419)	-	-	-	-		
Health and welfare	1,228,088	18,720	46,637	-	(1,162,731)	-	(1,162,731)	-	-	-	-		
Culture and recreation	960,998	53,728	1,838	-	(905,432)	-	(905,432)	-	-	-	-		
Housing and development	258,964	-	-	-	(258,964)	-	(258,964)	-	-	-	-		
Interest on long-term debt	410,069	-	-	-	(410,069)	-	(410,069)	-	-	-	-		
Total governmental activities	<u>28,723,502</u>	<u>4,204,329</u>	<u>822,020</u>	<u>90,116</u>	<u>(23,607,037)</u>	<u>-</u>	<u>(23,607,037)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Business-type activities:													
Water	2,613,362	1,496,114	-	-	-	(1,117,248)	(1,117,248)	-	-	-	-		
Landfill	1,742,186	507,531	-	-	-	(1,234,655)	(1,234,655)	-	-	-	-		
Building inspections	308,331	241,708	-	-	-	(66,623)	(66,623)	-	-	-	-		
Total business-type activities	<u>4,663,879</u>	<u>2,245,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,418,526)</u>	<u>(2,418,526)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Total primary government	<u>\$ 33,387,381</u>	<u>\$ 6,449,682</u>	<u>\$ 822,020</u>	<u>\$ 90,116</u>	<u>(23,607,037)</u>	<u>(2,418,526)</u>	<u>(26,025,563)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Component units:													
Development Authority	\$ 233,563	\$ 132,920	\$ -	\$ -	-	-	-	-	-	(100,643)	-		
Health Department	569,717	233,855	381,349	-	-	-	-	-	-	-	45,487		
Total component units	<u>\$ 803,280</u>	<u>\$ 366,775</u>	<u>\$ 381,349</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,643)</u>	<u>45,487</u>		
General revenues:													
Property taxes					19,180,936	-	19,180,936	-	-	-	-		
Sales taxes					7,224,576	-	7,224,576	-	-	-	-		
Insurance premium tax					1,342,118	-	1,342,118	-	-	-	-		
Intangible tax					171,081	-	171,081	-	-	-	-		
Alcoholic beverages tax					107,942	-	107,942	-	-	-	-		
Other taxes					105,007	-	105,007	-	-	-	-		
Unrestricted investment earnings					27,202	1,561	28,763	303	717				
Gain on sale of capital assets					32,518	-	32,518	-	-	-	-		
Transfers					(1,399,770)	1,399,770	-	-	-	-	-		
Total general revenues and transfers					<u>26,791,610</u>	<u>1,401,331</u>	<u>28,192,941</u>	<u>303</u>	<u>717</u>				
Change in net position					<u>3,184,573</u>	<u>(1,017,195)</u>	<u>2,167,378</u>	<u>(100,340)</u>	<u>46,204</u>				
Net position, beginning of year					<u>66,767,693</u>	<u>35,651,612</u>	<u>102,419,305</u>	<u>5,379,396</u>	<u>67,053</u>				
Net position, end of year					<u>\$ 69,952,266</u>	<u>\$ 34,634,417</u>	<u>\$ 104,586,683</u>	<u>\$ 5,279,056</u>	<u>\$ 113,257</u>				

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

MONROE COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2017

	General	Public Facilities Authority	2008 SPLOST	2014 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 12,137,561	\$ -	\$ 284,560	\$ 352,843	\$ 468,185	\$ 13,243,149
Investments	192	-	-	-	74,238	74,430
Taxes receivable (net)	1,051,117	-	-	-	-	1,051,117
Accounts receivable	1,214,716	-	-	-	71,283	1,285,999
Interest receivable	-	-	-	-	73	73
Due from other governments	256,138	841,230	-	272,002	25,229	1,394,599
Due from other funds	2,228,417	-	110,504	575,155	200,839	3,114,915
Inventories	334,628	-	-	-	-	334,628
Restricted cash	-	6,812,476	-	-	-	6,812,476
Total assets	\$ 17,222,769	\$ 7,653,706	\$ 395,064	\$ 1,200,000	\$ 839,847	\$ 27,311,386
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 592,597	\$ 7,500	\$ -	\$ 562,076	\$ 123,963	\$ 1,286,136
Past due long-term debts payable	-	590,000	-	-	-	590,000
Accrued liabilities	948,128	-	-	-	32,252	980,380
Unearned revenues	32,489	-	-	-	1,704	34,193
Due to other governments	-	-	3,184	-	-	3,184
Due to other funds	200,839	374,425	391,880	1,115,931	116,753	2,199,828
Total liabilities	\$ 1,774,053	\$ 971,925	\$ 395,064	\$ 1,678,007	\$ 274,672	\$ 5,093,721
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	659,560	-	-	-	-	659,560
Unavailable revenue - emergency services	291,807	-	-	-	-	291,807
Total deferred inflows of resources	\$ 951,367	-	-	-	-	\$ 951,367
FUND BALANCES (DEFICIT)						
Fund balances:						
Nonspendable:						
Inventories	334,628	-	-	-	-	334,628
Restricted for:						
Judicial	-	-	-	-	191,575	191,575
Public safety	-	-	-	-	283,823	283,823
Capital projects	94,239	6,436,223	-	-	192	6,530,654
Debt service	-	245,558	-	-	-	245,558
Assigned for:						
Culture and recreation	-	-	-	-	89,585	89,585
Unassigned	14,068,482	-	-	(478,007)	-	13,590,475
Total fund balances (deficit)	\$ 14,497,349	\$ 6,681,781	\$ -	(478,007)	\$ 565,175	\$ 21,266,298
Total liabilities, deferred inflows of resources, and fund balances (deficit)	\$ 17,222,769	\$ 7,653,706	\$ 395,064	\$ 1,200,000	\$ 839,847	
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.						70,795,329
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						951,367
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of pension related experience differences, assumption changes and contributions.						2,838,639
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(18,699,674)
Past due amounts on long-term liabilities are due and payable in the current period and, therefore, are reported in the funds.						590,000
Net pension liabilities is not due and payable in the current period and, therefore, are not reported in the funds.						(6,203,920)
Net OPEB obligations are not due and payable in the current period and, therefore, are not reported in the funds.						(1,585,773)
Net position of governmental activities						\$ 69,952,266

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

MONROE COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	General	Public Facilities Authority	2008 SPLOST	2014 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 23,187,685	\$ -	\$ -	\$ 4,124,465	\$ -	\$ 23,187,685
Sales taxes	3,100,111	-	-	-	-	7,224,576
Other taxes	1,726,148	-	-	-	-	1,726,148
Licenses and permits	57,331	-	-	-	-	57,331
Intergovernmental	673,948	-	-	-	220,377	894,325
Charges for services	2,398,604	-	-	-	440,138	2,838,742
Fines and forfeitures	664,205	-	-	-	290,896	955,101
Interest income	414	26,531	116	-	257	27,318
Contributions	750	-	-	-	3,238	3,988
Miscellaneous	325,779	-	-	-	13,773	339,552
Total revenues	<u>32,134,975</u>	<u>26,531</u>	<u>116</u>	<u>4,124,465</u>	<u>968,679</u>	<u>37,254,766</u>
Expenditures						
Current:						
General government	3,982,751	-	-	-	-	3,982,751
Judicial	1,963,534	-	-	-	237,960	2,201,494
Public safety	10,413,122	-	-	-	1,300,594	11,713,716
Public works	2,830,763	-	-	-	90,808	2,921,571
Health and welfare	549,140	666,254	-	-	-	1,215,394
Culture and recreation	839,125	-	-	-	15,178	854,303
Housing and development	458,765	-	-	-	-	458,765
Intergovernmental	-	-	-	692,910	-	692,910
Capital outlay	-	-	-	1,690,632	-	1,690,632
Debt service:						
Principal	-	4,345,000	-	-	82,860	4,427,860
Interest and fiscal charges	-	684,178	-	-	3,589	687,767
Total expenditures	<u>21,037,200</u>	<u>5,695,432</u>	<u>-</u>	<u>2,383,542</u>	<u>1,730,989</u>	<u>30,847,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,097,775</u>	<u>(5,668,901)</u>	<u>116</u>	<u>1,740,923</u>	<u>(762,310)</u>	<u>6,407,603</u>
Other financing sources (uses):						
Proceeds from sale of capital assets	32,518	-	-	-	-	32,518
Transfers in	-	6,449,238	-	2,922,618	760,000	10,131,856
Transfers out	(3,090,974)	(333,102)	(4,611,044)	(3,496,506)	-	(11,531,626)
Total other financing sources (uses)	<u>(3,058,456)</u>	<u>6,116,136</u>	<u>(4,611,044)</u>	<u>(573,888)</u>	<u>760,000</u>	<u>(1,367,252)</u>
Net change in fund balances	8,039,319	447,235	(4,610,928)	1,167,035	(2,310)	5,040,351
Fund balance (deficit), beginning of year	<u>6,458,030</u>	<u>6,234,546</u>	<u>4,610,928</u>	<u>(1,645,042)</u>	<u>567,485</u>	<u>16,225,947</u>
Fund balance (deficit), end of year	<u>\$ 14,497,349</u>	<u>\$ 6,681,781</u>	<u>\$ -</u>	<u>\$ (478,007)</u>	<u>\$ 565,175</u>	<u>\$ 21,266,298</u>

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

MONROE COUNTY, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

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

Net change in fund balances - total governmental funds	\$ 5,040,351
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,775,602)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(3,979,439)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,699,373
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>(800,110)</u>
	<u>\$ 3,184,573</u>

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

MONROE COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	Budget			Variance with Final Budget
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 16,973,205	\$ 23,187,685	\$ 23,187,685	\$ -
Sales taxes	3,037,638	3,100,111	3,100,111	-
Other taxes	1,558,956	1,726,148	1,726,148	-
Licenses and permits	63,940	57,331	57,331	-
Intergovernmental	728,937	673,948	673,948	-
Charges for services	2,108,769	2,398,604	2,398,604	-
Fines and forfeitures	878,378	664,205	664,205	-
Investment income	986	414	414	-
Contributions	10,000	750	750	-
Miscellaneous	164,084	325,779	325,779	-
Total revenues	25,524,893	32,134,975	32,134,975	-
Expenditures:				
Current:				
General government:				
County commissioners	1,354,844	1,351,836	1,351,836	-
Board of registrars	66,042	66,576	66,576	-
Elections	5,383	82,366	82,366	-
Financial administration	66,052	82,191	82,191	-
Purchasing	89,001	129,958	129,958	-
Fuel depot	6,638	6,377	6,377	-
Tax commissioner	295,817	389,476	389,476	-
Tax assessor	383,686	446,745	446,745	-
Board of equalization	8,796	925	925	-
Public buildings	639,357	818,016	818,016	-
Justice center	153,438	160,930	160,930	-
General insurance	5,567,430	447,355	447,355	-
Total general government	8,636,484	3,982,751	3,982,751	-
Judicial:				
Superior court	1,044,923	1,046,867	1,046,867	-
Clerk of superior court	319,662	397,280	397,280	-
Magistrate court	191,899	241,704	241,704	-
Probate court	213,259	275,519	275,519	-
Juvenile court	3,728	2,164	2,164	-
Total judicial	1,773,471	1,963,534	1,963,534	-
Public safety:				
Sheriff	3,269,173	4,509,373	4,509,373	-
Jail	2,090,223	2,477,532	2,477,532	-
School resource officer	126,184	143,779	143,779	-
Court security	155,791	182,864	182,864	-
Emergency services	2,245,083	2,863,439	2,863,439	-
Coroner	30,700	38,084	38,084	-
Animal control	117,895	160,043	160,043	-
Emergency management	49,399	38,008	38,008	-
Total public safety	8,084,448	10,413,122	10,413,122	-
Public works:				
Public roads	2,070,392	2,444,596	2,444,596	-
Maintenance and shop	261,262	386,167	386,167	-
Total public works	2,331,654	2,830,763	2,830,763	-

(Continued)

MONROE COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance with Final Budget		
	Original	Final				
Expenditures (continued):						
Current (continued):						
Health and welfare:						
Healthcare	\$ 447,481	\$ 447,231	\$ 447,231	\$ -		
Tick control	25,249	23,357	23,357	-		
Welfare	25,792	25,792	25,792	-		
Community services	24,700	52,760	52,760	-		
Total health and welfare	<u>523,222</u>	<u>549,140</u>	<u>549,140</u>	<u>-</u>		
Culture and recreation:						
Recreation	489,230	555,509	555,509	-		
Library	<u>218,088</u>	<u>283,616</u>	<u>283,616</u>	<u>-</u>		
Total culture and recreation	<u>707,318</u>	<u>839,125</u>	<u>839,125</u>	<u>-</u>		
Housing and development:						
Soil conservation	34,309	46,715	46,715	-		
Extension service	101,678	312,855	312,855	-		
Georgia forestry commission	18,952	18,627	18,627	-		
Planning and zoning	5,935	5,923	5,923	-		
Economic development	5,400	5,400	5,400	-		
Family connection	80,686	69,245	69,245	-		
Total housing and development	<u>246,960</u>	<u>458,765</u>	<u>458,765</u>	<u>-</u>		
Debt service:						
Interest and fiscal charges	238,770	-	-	-		
Total debt service	<u>238,770</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Total expenditures	<u>22,542,327</u>	<u>21,037,200</u>	<u>21,037,200</u>	<u>-</u>		
Excess of revenues over expenditures	<u>2,982,566</u>	<u>11,097,775</u>	<u>11,097,775</u>	<u>-</u>		
Other financing sources (uses):						
Transfers out	(2,779,183)	(3,090,974)	(3,090,974)	-		
Proceeds from sale of assets	3,349	32,518	32,518	-		
Total other financing sources (uses)	<u>(2,775,834)</u>	<u>(3,058,456)</u>	<u>(3,058,456)</u>	<u>-</u>		
Net change in fund balance	<u>206,732</u>	<u>8,039,319</u>	<u>8,039,319</u>	<u>-</u>		
Fund balance, beginning of year	<u>6,458,030</u>	<u>6,458,030</u>	<u>6,458,030</u>	<u>-</u>		
Fund balance, end of year	<u>\$ 6,664,762</u>	<u>\$ 14,497,349</u>	<u>\$ 14,497,349</u>	<u>\$ -</u>		

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

MONROE COUNTY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2017

	Water Fund	Landfill	Nonmajor Enterprise Funds	Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 63,177	\$ 286,143	\$ 51,334	\$ 400,654
Investments	151,822	-	-	151,822
Accounts receivable, net of allowances	167,894	21,860	-	189,754
Inventory	55,899	-	-	55,899
Restricted assets:				
Cash and cash equivalents	124,656	-	-	124,656
Total current assets	<u>563,448</u>	<u>308,003</u>	<u>51,334</u>	<u>922,785</u>
NONCURRENT ASSETS				
Capital assets:				
Non-depreciable	156,832	195,766	23,037	375,635
Depreciable, net of				
accumulated depreciation	35,224,243	1,316,352	885,889	37,426,484
Total capital assets	<u>35,381,075</u>	<u>1,512,118</u>	<u>908,926</u>	<u>37,802,119</u>
Total noncurrent assets	<u>35,381,075</u>	<u>1,512,118</u>	<u>908,926</u>	<u>37,802,119</u>
Total assets	<u>35,944,523</u>	<u>1,820,121</u>	<u>960,260</u>	<u>38,724,904</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	36,416	123,511	36,113	196,040
Total deferred outflows of resources	<u>36,416</u>	<u>123,511</u>	<u>36,113</u>	<u>196,040</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	217,901	39,817	3,510	261,228
Accrued liabilities	1,822	31,652	8,706	42,180
Notes payable due within one year	50,773	-	-	50,773
Compensated absences payable, current	3,788	11,361	10,821	25,970
Due to other funds	606,608	269,298	39,181	915,087
Customer deposits payable	124,656	-	-	124,656
Total current liabilities	<u>1,005,548</u>	<u>352,128</u>	<u>62,218</u>	<u>1,419,894</u>
LONG-TERM LIABILITIES				
Compensated absences	-	67,423	-	67,423
Accrued closure/postclosure costs	-	1,250,319	-	1,250,319
Net pension liability	79,588	269,937	78,925	428,450
Notes payable, net of current portion	1,120,441	-	-	1,120,441
Total long-term liabilities	<u>1,200,029</u>	<u>1,587,679</u>	<u>78,925</u>	<u>2,866,633</u>
Total liabilities	<u>2,205,577</u>	<u>1,939,807</u>	<u>141,143</u>	<u>4,286,527</u>
NET POSITION				
Investment in capital assets	35,381,075	1,512,118	908,926	37,802,119
Unrestricted	(1,605,713)	(1,508,293)	(53,696)	(3,167,702)
Total net position	<u>\$ 33,775,362</u>	<u>\$ 3,825</u>	<u>\$ 855,230</u>	<u>\$ 34,634,417</u>

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

MONROE COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	Water Fund	Landfill	Nonmajor Enterprise Funds	Totals
Operating revenues:				
Charges for services:				
Water charges	\$ 1,390,680	\$ -	\$ -	\$ 1,390,680
Collection and disposal fees	-	457,531	-	457,531
Building licenses and permits	-	-	131,912	131,912
Rent	-	-	109,466	109,466
Service charges	103,434	-	30	103,464
Miscellaneous	2,000	50,000	300	52,300
Total operating revenues	<u>1,496,114</u>	<u>507,531</u>	<u>241,708</u>	<u>2,245,353</u>
Operating expenses:				
Personal services	52,654	861,049	238,682	1,152,385
Purchased/contracted services	390,890	390,186	12,463	793,539
Supplies and materials	111,167	151,311	15,013	277,491
Utilities and purchased water	1,251,718	-	23,324	1,275,042
Depreciation	782,600	339,640	18,849	1,141,089
Total operating expenses	<u>2,589,029</u>	<u>1,742,186</u>	<u>308,331</u>	<u>4,639,546</u>
Operating loss	<u>(1,092,915)</u>	<u>(1,234,655)</u>	<u>(66,623)</u>	<u>(2,394,193)</u>
Nonoperating revenues (expenses):				
Investment income	1,370	189	2	1,561
Interest expense	(24,333)	-	-	(24,333)
Total nonoperating revenues (expenses)	<u>(22,963)</u>	<u>189</u>	<u>2</u>	<u>(22,772)</u>
Loss before transfers and contributions	(1,115,878)	(1,234,466)	(66,621)	(2,416,965)
Transfers in	<u>239,770</u>	<u>1,070,000</u>	<u>90,000</u>	<u>1,399,770</u>
Change in net position	(876,108)	(164,466)	23,379	(1,017,195)
Net position, beginning of year	<u>34,651,470</u>	<u>168,291</u>	<u>831,851</u>	<u>35,651,612</u>
Net position, end of year	<u>\$ 33,775,362</u>	<u>\$ 3,825</u>	<u>\$ 855,230</u>	<u>\$ 34,634,417</u>

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

MONROE COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	Water Fund	Landfill	Nonmajor Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,444,490	\$ 485,767	\$ 241,708	\$ 2,171,965
Payments to suppliers and service providers	(1,634,218)	(579,391)	(48,226)	(2,261,835)
Payments to employees	(63,971)	(827,827)	(236,143)	(1,127,941)
Receipts from interfund services provided	-	-	(3,618)	(3,618)
Payments for interfund services received	<u>295,597</u>	<u>-</u>	<u>-</u>	<u>295,597</u>
Net cash provided by (used in) operating activities	<u>41,898</u>	<u>(921,451)</u>	<u>(46,279)</u>	<u>(925,832)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	<u>239,770</u>	<u>1,070,000</u>	<u>90,000</u>	<u>1,399,770</u>
Net cash provided by noncapital financing activities	<u>239,770</u>	<u>1,070,000</u>	<u>90,000</u>	<u>1,399,770</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of property and equipment	(225,202)	-	-	(225,202)
Interest paid	<u>(24,333)</u>	<u>-</u>	<u>-</u>	<u>(24,333)</u>
Net cash used in capital and related financing activities	<u>(249,535)</u>	<u>-</u>	<u>-</u>	<u>(249,535)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	(1,369)	-	-	(1,369)
Principal payments on notes payable	(45,646)	-	-	(45,646)
Interest on investments	<u>1,370</u>	<u>189</u>	<u>2</u>	<u>1,561</u>
Net cash provided by (used in) investing activities	<u>(45,645)</u>	<u>189</u>	<u>2</u>	<u>(45,454)</u>
Net increase (decrease) in cash and cash equivalents	(13,512)	148,738	43,723	178,949
Cash and cash equivalents:				
Beginning of year	<u>201,345</u>	<u>137,405</u>	<u>7,611</u>	<u>346,361</u>
End of year	<u>\$ 187,833</u>	<u>\$ 286,143</u>	<u>\$ 51,334</u>	<u>\$ 525,310</u>
Classified as:				
Cash and cash equivalents	\$ 63,177	\$ 286,143	\$ 51,334	\$ 400,654
Restricted assets, cash and cash equivalents	<u>124,656</u>	<u>-</u>	<u>-</u>	<u>124,656</u>
	<u>\$ 187,833</u>	<u>\$ 286,143</u>	<u>\$ 51,334</u>	<u>\$ 525,310</u>

(Continued)

MONROE COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	Water Fund	Landfill	Nonmajor Enterprise Funds	Totals
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (1,092,915)	\$ (1,234,655)	\$ (66,623)	\$ (2,394,193)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	782,600	339,640	18,849	1,141,089
(Increase) decrease in:				
Accounts receivable	(67,780)	(21,764)	-	(89,544)
Inventory	58,652	-	-	58,652
Due from other funds	-	-	404	404
Due from other governments	-	-	(12,245)	(12,245)
Deferred outflows of resources - pension	(3,013)	(32,838)	-	(35,851)
Increase (decrease) in:				
Accounts payable	60,905	(67,310)	2,574	(3,831)
Accrued liabilities	(3,383)	3,835	(607)	(155)
Compensated absences	(2,271)	15,528	(4,771)	8,486
Due to other funds	295,597	(27,905)	(4,022)	263,670
Accrued closure/postclosure costs	-	57,321	-	57,321
Customer deposits payable	16,156	-	-	16,156
Net pension liability	<u>(2,650)</u>	<u>46,697</u>	<u>20,162</u>	<u>64,209</u>
Net cash provided by (used in) operating activities	<u>\$ 41,898</u>	<u>\$ (921,451)</u>	<u>\$ (46,279)</u>	<u>\$ (925,832)</u>

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

MONROE COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017

	Private Purpose Trust Fund		Agency Funds
ASSETS	Veterans' Memorial		
Cash	\$ 4,553	\$ 1,877,719	
Taxes receivable	-	3,196,350	
Due from others	-	565	
Total assets	<u>\$ 4,553</u>	<u>\$ 5,074,634</u>	
LIABILITIES			
Due to others	\$ -	\$ 1,878,284	
Uncollected taxes	-	3,196,350	
Total liabilities	<u>-</u>	<u>\$ 5,074,634</u>	
NET POSITION			
Restricted for veterans' memorial	<u>\$ 4,553</u>		

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

MONROE COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017

	<u>Private Purpose Trust Fund</u>	<u>Veterans' Memorial</u>
ADDITIONS		
Interest income	\$	8
Total additions		<u>8</u>
DEDUCTIONS		
Veterans' memorial		168
Total deductions		<u>168</u>
Change in net position		(160)
Net position, beginning of the year		<u>4,713</u>
Net position, end of the year	\$	<u>4,553</u>

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

MONROE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

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

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

Monroe County Health Department

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Development Authority of Monroe County, Georgia

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

Monroe County Public Facilities Authority (Blended Component Unit.)

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

Monroe County Law Library (Blended Component Unit.)

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

B. Government-wide and Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major governmental funds:

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

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

The **2008 SPLOST Fund** is a capital projects fund that accounts for revenues received on behalf of the County, the City of Forsyth and the City of Culloden. Financing is provided by a special County 1% sales and use tax.

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

The County reports the following major proprietary funds:

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

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

Additionally, the County reports the following fund types:

The **special revenue funds** account for specific revenues that are legally restricted to expenditures for particular purposes.

The **capital project funds** account for the acquisition or construction of capital facilities.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

D. Cash, Cash Equivalents, and Investments

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

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, and Georgia Fund 1, the Local Government Investment Pool. The investment in Georgia Fund 1 represents the County's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in Georgia Fund 1 is valued at fair market value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

F. Inventories

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

G. Prepaid Items

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

H. Restricted Assets

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

I. Deferred Outflows/Inflows of Resources and Net Position

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 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 did not have any items that qualify for reporting in this category for the year ended December 31, 2017, with the exception of the pension items discussed below.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources and Net Position (Continued)

In addition to liabilities, the statement of net position and the governmental funds balance sheets will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and emergency services and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The County has deferred outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

J. Capital Assets

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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

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

Asset Category	Years
Buildings	25-50
Building Improvements	5-50
Land Improvements	15-30
Land (landfill)	4-6
Infrastructure	50-60
Intangibles	10
Machinery and Equipment	5-20

K. Compensated Absences

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

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity

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

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. The County Commission has not delegated the authority to management to assign fund balance and thus has retained the right to assign fund balance.
- **Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The County reports positive unassigned fund balances only in the General Fund. Negative unassigned fund balances may be reported in all funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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

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

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

N. Use of Estimates

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

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Association County Commissioners of Georgia Monroe County Defined Benefit Plan (The Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

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

Capital leases payable	\$ (306,580)
Compensated absences	(564,335)
Bonds payable	(17,774,515)
Accrued interest payable	<u>(54,244)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (18,699,674)</u>

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

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

Capital outlay	\$ 1,448,999
Depreciation expense	<u>(3,224,601)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ (1,775,602)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)**

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Bond principal repayments	\$ 3,755,000
Past due amounts	590,000
Capital lease repayments	82,860
Amortization of premium	<u>271,513</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ 4,699,373</u>

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

Change in:	
Compensated absences	\$ (16,514)
Accrued interest	6,185
Net pension liability and related deferred outflow/inflow of resources	(609,227)
Net OPEB obligation	<u>(180,554)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ (800,110)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS

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

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

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

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

Deficit Fund Equity

For the year ended December 31, 2017, the following fund had deficit fund balance or net position:

	Fund Deficit
Capital Projects Funds:	
2014 SPLOST Fund	\$ 478,007

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2017, are summarized as follows:

Balances per statement of net position:

Cash and cash equivalents - Primary Government	\$ 13,643,803
Cash and cash equivalents - Development Authority	2,493,202
Cash and cash equivalents - Health Department	286,453
Investments - Primary Government	226,252
Investments - Health Department	101,244
Restricted assets:	
Primary Government - cash and cash equivalents	6,932,579

Balances per statement of fiduciary net position:

Cash - Agency funds	1,877,719
Cash - Private purpose trust funds	4,553
	<u>\$ 25,565,805</u>

Balances by type:

Cash deposited with financial institutions	\$ 25,339,553
Certificates of deposit	74,238
Georgia Fund 1	152,014
	<u>\$ 25,565,805</u>

Credit Risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County has no formal credit risk policy other than to only invest in obligations authorized by the State of Georgia. As of December 31, 2017, the County's investments in the Georgia Fund 1 were rated AAAf by Standard & Poor's.

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At December 31, 2017, the County's investments, categorized by credit risk and interest rate risk, were as follows:

Investment Type	Maturities	Fair Value
Certificates of deposit	14 months weighted-average	\$ 74,238
Georgia Fund 1	9-day weighted-average	152,014
		<u>\$ 226,252</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued). Investments of the component units include an investment in Georgia Fund 1 in the amount of \$101,244 that is not included in the above schedule.

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

The County has the following recurring fair value measurements as of December 31, 2017:

<u>Investment Type</u>	<u>Fair Value</u>
Investments not subject to level disclosure:	
Certificates of deposit	\$ 74,238
Georgia Fund 1	152,014
Total investments	<u>\$ 226,252</u>

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

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

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2017, all of the deposits of the County and the component units were properly insured and collateralized as required by the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c).

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The County does not have a formal custodial credit risk policy other than to only invest in obligations authorized by the State of Georgia.

NOTE 5. RECEIVABLES

Receivables at December 31, 2017, consist of the following:

	General Fund	Public Facilities Authority	2014 SPLOST Fund	Water Fund	Landfill Fund	Nonmajor Governmental Funds	Total
Receivables:							
Taxes	\$ 1,396,117	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,396,117
Accounts	2,639,523	-	-	342,894	24,201	71,283	3,077,901
Interest	-	-	-	-	-	73	73
Due from other governments	256,138	841,230	272,002	-	-	25,229	1,394,599
Gross receivables	4,291,778	841,230	272,002	342,894	24,201	96,585	5,868,690
Less allowance	(1,769,807)	-	-	(175,000)	(2,341)	-	(1,947,148)
Net receivables	<u>\$ 2,521,971</u>	<u>\$ 841,230</u>	<u>\$ 272,002</u>	<u>\$ 167,894</u>	<u>\$ 21,860</u>	<u>\$ 96,585</u>	<u>\$ 3,921,542</u>

Property taxes were levied on October 15, 2017. Bills are payable on or before December 20, 2017, after which the applicable property is subject to lien and penalties and interest are assessed. The County bills and collects its own property taxes. Property taxes levied for 2017 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2017 and collected by February 28, 2018 are recognized as revenues in the year ended December 31, 2017. Net receivables estimated to be collected subsequent to February 28, 2018 are deferred as of December 31, 2017 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

Property taxes attached as an enforceable lien on property as of December 21, 2017.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The County does not have a formal custodial credit risk policy other than to only invest in obligations authorized by the State of Georgia.

NOTE 5. RECEIVABLES

Receivables at December 31, 2017, consist of the following:

	General Fund	Public Facilities Authority	2014 SPLOST Fund	Water Fund	Landfill Fund	Nonmajor Governmental Funds	Total
Receivables:							
Taxes	\$ 1,396,117	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,396,117
Accounts	2,639,523	-	-	342,894	24,201	71,283	3,077,901
Interest	-	-	-	-	-	73	73
Due from other governments	256,138	841,230	272,002	-	-	25,229	1,394,599
Gross receivables	4,291,778	841,230	272,002	342,894	24,201	96,585	5,868,690
Less allowance	(1,769,807)	-	-	(175,000)	(2,341)	-	(1,947,148)
Net receivables	<u>\$ 2,521,971</u>	<u>\$ 841,230</u>	<u>\$ 272,002</u>	<u>\$ 167,894</u>	<u>\$ 21,860</u>	<u>\$ 96,585</u>	<u>\$ 3,921,542</u>

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Property taxes attached as an enforceable lien on property as of December 21, 2017.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the fiscal year ended December 31, 2017, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,139,088	\$ -	\$ -	\$ -	\$ 1,139,088
Construction in progress	3,010,364	600,909	-	(2,903,816)	707,457
Total	<u>4,149,452</u>	<u>600,909</u>	<u>-</u>	<u>(2,903,816)</u>	<u>1,846,545</u>
Capital assets, being depreciated:					
Buildings	16,378,524	-	-	-	16,378,524
Building improvements	1,534,687	7,250	-	-	1,541,937
Land improvements	2,388,673	-	-	-	2,388,673
Infrastructure	100,874,644	-	-	-	100,874,644
Intangibles	92,012	-	-	-	92,012
Machinery and equipment	13,710,206	840,840	-	2,903,816	17,454,862
Total	<u>134,978,746</u>	<u>848,090</u>	<u>-</u>	<u>2,903,816</u>	<u>138,730,652</u>
Less accumulated depreciation for:					
Buildings	4,348,153	325,910	-	-	4,674,063
Building improvements	221,086	39,323	-	-	260,409
Land improvements	1,877,092	33,625	-	-	1,910,717
Infrastructure	49,521,913	2,014,717	-	-	51,536,630
Intangibles	53,125	9,201	-	-	62,326
Machinery and equipment	10,535,898	801,825	-	-	11,337,723
Total	<u>66,557,267</u>	<u>3,224,601</u>	<u>-</u>	<u>-</u>	<u>69,781,868</u>
Total capital assets, being depreciated, net	<u>68,421,479</u>	<u>(2,376,511)</u>	<u>-</u>	<u>2,903,816</u>	<u>68,948,784</u>
Governmental activities capital assets, net	<u>\$ 72,570,931</u>	<u>\$ (1,775,602)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,795,329</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	\$ 362,734	\$ -	\$ -	\$ -	\$ 362,734
Construction in progress	604,687	-	-	(591,786)	12,901
Total	<u>967,421</u>	<u>-</u>	<u>-</u>	<u>(591,786)</u>	<u>375,635</u>
Capital assets, being depreciated:					
Land (landfill)	4,496,440	-	-	-	4,496,440
Buildings	1,776,891	-	-	-	1,776,891
Improvements	1,121,479	-	-	-	1,121,479
Infrastructure	41,780,769	225,202	-	591,786	42,597,757
Machinery and equipment	3,307,779	-	-	-	3,307,779
Total	<u>52,483,358</u>	<u>225,202</u>	<u>-</u>	<u>591,786</u>	<u>53,300,346</u>
Less accumulated depreciation for:					
Land (landfill)	3,828,767	156,074	-	-	3,984,841
Buildings	186,698	37,915	-	-	224,613
Improvements	856,768	53,819	-	-	910,587
Infrastructure	7,684,905	745,331	-	-	8,430,236
Machinery and equipment	2,175,635	147,950	-	-	2,323,585
Total	<u>14,732,773</u>	<u>1,141,089</u>	<u>-</u>	<u>-</u>	<u>15,873,862</u>
Total capital assets, being depreciated, net	<u>37,750,585</u>	<u>(915,887)</u>	<u>-</u>	<u>591,786</u>	<u>37,426,484</u>
Business-type activities capital assets, net	<u>\$ 38,718,006</u>	<u>\$ (915,887)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,802,119</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:

General government	\$ 165,575
Judicial	8,100
Public safety	793,236
Public works	2,165,332
Health and welfare	12,694
Culture and recreation	79,664
Total depreciation expense - governmental activities	<u>\$ 3,224,601</u>

Business-type activities:

Water Fund	\$ 782,600
Landfill	339,640
Conference Center	18,849
Total depreciation expense - business-type activities	<u>\$ 1,141,089</u>

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	\$ 1,923,949	\$ -	\$ -	\$ -	\$ 1,923,949
Construction in progress	189,813	186,016	-	(375,829)	-
Total	<u>2,113,762</u>	<u>186,016</u>	<u>-</u>	<u>(375,829)</u>	<u>1,923,949</u>
Capital assets, being depreciated:					
Improvements	398,913	-	-	375,829	774,742
Total	<u>398,913</u>	<u>-</u>	<u>-</u>	<u>375,829</u>	<u>774,742</u>
Less accumulated depreciation for:					
Improvements	80,310	31,857	-	-	112,167
Total	<u>80,310</u>	<u>31,857</u>	<u>-</u>	<u>-</u>	<u>112,167</u>
Total capital assets, being depreciated, net	<u>318,603</u>	<u>(31,857)</u>	<u>-</u>	<u>375,829</u>	<u>662,575</u>
Development Authority capital assets, net	<u>\$ 2,432,365</u>	<u>\$ 154,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,586,524</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. SHORT-TERM DEBT

On September 5, 2017, the Board of Commissioners approved a resolution authorizing a tax anticipation note for the borrowing of \$2,500,000 at an interest rate of 1.488%. This note was repaid in December 2017.

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

NOTE 8. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the primary government for the year ended December 31, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Past Due	Due Within One Year
Governmental activities:						
General obligation bonds	\$ 21,045,000	\$ -	\$ (3,755,000)	\$ 17,290,000	\$ 590,000	\$ 4,505,000
Plus unamortized premium	756,028	-	(271,513)	484,515	-	-
General obligation bonds, net	<u>21,801,028</u>	<u>-</u>	<u>(4,026,513)</u>	<u>17,774,515</u>	<u>590,000</u>	<u>4,505,000</u>
Capital leases	389,440	-	(82,860)	306,580	-	73,074
Compensated absences	547,821	132,366	(115,852)	564,335	-	110,170
Net pension liability	4,641,130	3,975,606	(2,412,816)	6,203,920	-	-
Net OPEB obligation	1,405,219	180,554	-	1,585,773	-	-
Governmental activities						
Long-term liabilities	<u>\$ 28,784,638</u>	<u>\$ 4,288,526</u>	<u>\$ (6,638,041)</u>	<u>\$ 26,435,123</u>	<u>\$ 590,000</u>	<u>\$ 4,688,244</u>
Business-type activities:						
Notes payable	\$ 1,216,860	\$ -	\$ (45,646)	\$ 1,171,214	\$ -	\$ 50,773
Landfill closure and postclosure costs	1,192,998	57,321	-	1,250,319	-	-
Compensated absences	84,907	37,156	(28,670)	93,393	-	22,625
Net pension liability	364,241	274,561	(210,352)	428,450	-	-
Business-type activities						
Long-term liabilities	<u>\$ 2,859,006</u>	<u>\$ 369,038</u>	<u>\$ (284,668)</u>	<u>\$ 2,943,376</u>	<u>\$ -</u>	<u>\$ 73,398</u>

For governmental activities, compensated absences and claims and judgments are generally liquidated by the General Fund.

For business type activities, compensated absences are generally liquidated by the Landfill Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds. During the year ended December 31, 2010, the Monroe County Public Facilities Authority issued bonds in the amount of \$6,245,000. The bonds bear interest of 2.0 to 3.0% with final maturity in 2020. Proceeds of the bonds were used for the purpose of financing 1) improvements and extensions to the County's water system, 2) improvements and equipping of the public safety facilities in the County, 3) the acquisition, construction, renovation, and equipping of a County administrative building, and 4) the acquisition, construction, renovation, additions, or equipping of the existing hospital facilities and land adjacent to the County's hospital. The outstanding balance of the 2010 Series general obligation bonds as of December 31, 2017, was \$700,000.

During the year ended December 31, 2012, the Monroe County Public Facilities Authority issued Revenue Bonds, Series 2012A in the amount of \$12,650,000. The bonds bear interest of 3.0 to 4.0% with final maturity in 2019. Proceeds of the bonds will be used for the purpose of financing 1) improvements and extensions to the County's water system, 2) improving and equipping the County's recreation facilities, 3) upgrading the County's emergency 911 radio system, 4) improving and equipping the County's library, 5) purchasing heavy equipment for the County's road department, and 6) improving and extending the water facilities of the City of Forsyth and the City of Culloden. The outstanding balance of the 2012 Series A general obligation bonds as of December 31, 2017, was \$5,350,000.

During the year ended December 31, 2012, Monroe County Public Facilities Authority also issued Revenue Refunding Bonds, Series 2012B in the amount of \$9,985,000. The bonds bear interest of 2.0 to 4.0% with final maturity in 2026. Proceeds of the bonds will be used for the purpose of refunding all of the outstanding Development Authority of Monroe County Revenue Refunding and Improvement Bonds (Water and Sewerage Project), Series 2003A. The outstanding balance of the 2012 Series B general obligation bonds as of December 31, 2017, was \$8,675,000.

During the year ended December 31, 2014, Monroe County Public Facilities Authority issued Revenue Bonds, Series 2014A in the amount of \$2,565,000. The bonds bear interest of 1.71% with final maturity in 2019. Proceeds of the bonds will be used for the purpose of financing or refinancing 1) the acquisition, construction, furnishing, and equipping of an emergency medical services headquarters, including the acquisition of real property, 2) the acquisition, construction, and improvement of certain recreational facilities located in the County, including the acquisition of real property, and 3) paying all or a portion of the costs of issuance. The outstanding balance of the 2014 Series A revenue bonds as of December 31, 2017, was \$2,565,000.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds (Continued). During the year ended December 31, 2014, Monroe County Public Facilities Authority issued Taxable Revenue Bonds, Series 2014B in the amount of \$2,125,000. The bonds bear interest of 1.88% with final maturity in 2017. Proceeds of the bonds will be used for the purpose of financing or refinancing 1) the acquisition and equipping of a convention center for business development within the County, 2) the renovation, improvement and equipping of existing hospital facilities for the Hospital Authority in the County, and 3) paying all or a portion of the costs of issuance. The bonds fully matured during the current year.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

General obligation bonds debt service requirements to maturity are as follows at December 31, 2017:

Year ending December 31,	Principal	Interest	Total
2018	\$ 5,095,000	\$ 515,700	\$ 5,610,700
2019	4,660,000	367,290	5,027,290
2020	960,000	213,065	1,173,065
2021	750,000	188,115	938,115
2022	765,000	165,615	930,615
2023-2027	4,155,000	489,602	4,644,602
2028	905,000	23,983	928,983
	<u>\$ 17,290,000</u>	<u>\$ 1,963,370</u>	<u>\$ 19,253,370</u>

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

The cost of assets under capital leases as of December 31, 2017:

	Governmental Activities
Equipment	\$ 389,440
Less accumulated depreciation	(21,095)
Carrying value	<u>\$ 368,345</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

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

Fiscal Year Ending December 31,	
2018	\$ 82,853
2019	82,853
2020	82,853
2021	82,853
Total minimum lease payments	<hr/> 331,412
Less amount representing interest	(24,832)
Present value of future minimum lease payments	<hr/> <u>\$ 306,580</u>

Notes Payable: The Water Fund incurred debt of \$1,216,860 to the Georgia Environmental Finance Authority for the extension of water mains and all related appurtenances during current and prior years. Beginning in February 2017, payments are due in monthly installments of \$6,173, including interest at 2.03% through January 2037. The outstanding balance at December 31, 2017, is \$1,171,214.

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

Year ending December 31,	Principal	Interest	Total
2018	\$ 50,773	\$ 23,305	\$ 74,078
2019	51,814	22,265	74,079
2020	52,875	21,203	74,078
2021	53,959	20,120	74,079
2022	55,064	19,014	74,078
2023-2027	292,715	77,676	370,391
2028-2032	323,958	46,433	370,391
2033-2037	290,056	12,432	302,488
	<hr/> <u>\$ 1,171,214</u>	<hr/> <u>\$ 242,448</u>	<hr/> <u>\$ 1,413,662</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Landfill Closure and Postclosure Costs. State and federal laws and regulations require the County to place a final cover on its Strickland Loop Road Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste (2058), the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The amount reported as landfill closure and postclosure care liability of \$1,250,319 at December 31, 2017, represents the cumulative amount reported to date based on the use of 25% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$3,395,260 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 1993, adjusted annually for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during the closure and postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

B. Discretely Presented Component Unit – Development Authority

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

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

Conduit Debt Obligations (Continued). The original issuance amounts of bonds issued by the Development Authority as of December 31, 2017, for conduit debt are summarized below. The ending outstanding principal balances as of December 31, 2017, were not available.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2017, is as follows:

Due to/from other funds:

Payable Funds	Receivable Funds				Total
	General Fund	2008 SPLOST Fund	2014 SPLOST Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ -	\$ 200,839	\$ 200,839
Public Facilities Authority Fund	80,646	110,504	183,275	-	374,425
2008 SPLOST Fund	-	-	391,880	-	391,880
2014 SPLOST Fund	1,115,931	-	-	-	1,115,931
Water Fund	606,608	-	-	-	606,608
Landfill Fund	269,298	-	-	-	269,298
Nonmajor Governmental Funds	116,753	-	-	-	116,753
Nonmajor Enterprise Fund	39,181	-	-	-	39,181
Total	<u>\$ 2,228,417</u>	<u>\$ 110,504</u>	<u>\$ 575,155</u>	<u>\$ 200,839</u>	<u>\$ 3,114,915</u>

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

Interfund transfers:

Transfers In	Transfers Out				Total
	General Fund	Public Facilities Auth. Fund	2008 SPLOST Fund	2014 SPLOST Fund	
Public Facilities Authority	\$ 1,170,974	\$ -	\$ 2,021,528	\$ 3,256,736	\$ 6,449,238
2014 SPLOST Fund	-	333,102	2,589,516	-	2,922,618
Water Fund	-	-	-	239,770	239,770
Landfill Fund	1,070,000	-	-	-	1,070,000
Nonmajor Governmental Funds	760,000	-	-	-	760,000
Nonmajor Enterprise Funds	90,000	-	-	-	90,000
Total	<u>\$ 3,090,974</u>	<u>\$ 333,102</u>	<u>\$ 4,611,044</u>	<u>\$ 3,496,506</u>	<u>\$ 11,531,626</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

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

NOTE 10. JOINT VENTURE

Under Georgia law, the County is a participating member of the Middle Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its year ended December 31, 2017, the County paid \$29,903 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts and obligations of an RC. Separate financial statements may be obtained from: Middle Georgia Regional Commission, 175 C Emery Highway, Macon, Georgia 31217.

NOTE 11. DEFINED BENEFIT PENSION PLAN

A. Primary Government

Plan Description

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, the Monroe County Defined Benefit Plan (the Plan), covering the majority of all of the County's employees. The County's pension plan is administered through the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp and affiliated with the Association of County Commissioners of Georgia (ACCG). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at www.gebcorp.com or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Plan Membership

As of January 1, 2016, pension plan membership consisted of the following:

Retirees, beneficiaries and disabled receiving benefits	90
Terminated plan participants entitled to but not receiving benefits	117
Active employees participating in the Plan	<u>165</u>
Total number of Plan participants	<u><u>372</u></u>

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of ACCG has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the County Board of Commissioners, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the actuarially determined rate. For the year ended December 31, 2017, the County's contribution rate was 16.82% of annual payroll. County contributions to the Plan were \$1,215,850 for the year ended December 31, 2017.

Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2016 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2016.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

Actuarial Assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	2.50% - 5.00%, including inflation
Investment rate of return	7.50%, 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, 2016 valuation were based on the results of an actuarial experience study through December 31, 2015.

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2016, are summarized in the following table:

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

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

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended December 31, 2017, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	\$ 25,274,309	\$ 20,268,938	\$ 5,005,371
Changes for the year:			
Service cost	354,503	-	354,503
Interest	1,855,132	-	1,855,132
Differences between expected and actual experience	1,010,598	-	1,010,598
Assumption changes	807,670	-	807,670
Contributions - employer	-	1,215,850	(1,215,850)
Net investment income	-	1,407,318	(1,407,318)
Benefit payments, including refunds of employee contributions	(1,078,414)	(1,078,414)	-
Administrative expenses	-	(40,319)	40,319
Other changes	-	(181,945)	181,945
Net changes	<u>2,949,489</u>	<u>1,322,490</u>	<u>1,626,999</u>
Balances at December 31, 2017	<u>\$ 28,223,798</u>	<u>\$ 21,591,428</u>	<u>\$ 6,632,370</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.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	Current		
	1.00% Decrease (6.50%)	Discount Rate (7.50%)	1.00% Increase (8.50%)
County's net pension liability	\$ 10,264,903	\$ 6,632,370	\$ 3,609,507

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective.

Calculations are based on the substantive plan in effect as of December 31, 2016, and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2017, the County recognized pension expense of \$1,841,190. At December 31, 2017, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,088,347
Differences between expected and actual experience	871,941
Other changes in assumptions	1,074,391
Total	<u><u>\$ 3,034,679</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Net Pension Liability of the County (Continued)

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

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

Year ending December 31:	
2018	\$ 714,733
2019	983,042
2020	908,451
2021	324,660
2022	103,793
Total	<u>\$ 3,034,679</u>

NOTE 12. OTHER POST-EMPLOYMENT BENEFIT PLAN

In accordance with GASB 45 requirements, the County is required to attribute the cost of post-retirement benefits to the time during which the employee is working for the employer. GASB 45 requires allocation of the costs of a post-retirement benefit plan onto the years of active employment; it does not require the funding of such benefits. GASB 45 requirements have been implemented by the County for the year ended December 31, 2017. The County has elected not to establish a separate trust fund to account for other post-employment benefits, and has not funded the plan as of December 31, 2017. The plan does not issue a separate, stand-alone report and is not included in the report of another entity.

The County provides post-retirement health care benefits, as per the requirements of a resolution, for certain retirees. The provisions and obligations to contribute are established and may be amended by the Monroe County Board of Commissioners. The only requirement is the employee must retire from the County. The benefits are offered until the retiree turns 65 and is eligible for Medicare. The County pays 50% of the premium and the employee must pay the remaining 50%. Currently, four employees are enrolled in postretirement health care benefits. These post-retirement benefits are funded on a pay-as-you-go basis. In 2017, the net cost of premiums for providing post-retirement benefits for retirees was \$89,021.

NOTES TO FINANCIAL STATEMENTS

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

Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Health Care Plan as of January 1, 2016.

Active members	233
	<u><u>233</u></u>

Contributions

The County contributed \$89,021 to the OPEB Health Care Plan in fiscal year 2017. The annual required contribution amount is determined using actuarial methods and assumptions approved by the County Commission. The Commission established and may amend the funding policy for the OPEB Health Care Plan.

	<u><u>January 1, 2016</u></u>
<u>Derivation of Annual OPEB Cost</u>	
Annual Required Contribution	\$ 267,639
Interest on Net OPEB Obligation	43,317
Amortization of Net OPEB Obligation	(41,381)
Annual OPEB Cost	<u><u>\$ 269,575</u></u>

	<u><u>January 1, 2016</u></u>
<u>Derivation of Net OPEB Obligation</u>	
Net OPEB Obligation as of Beginning of Year	\$ 1,405,219
Annual OPEB Cost for Year	269,575
Actual Contributions to Plan for Current Year	(89,021)
Increase in Net OPEB Obligation	180,554
Net OPEB Obligation as of End of the Year	<u><u>\$ 1,585,773</u></u>

Schedule of Employer Costs and Contributions					
Fiscal Year Beginning	Annual Required Contribution/ Annual OPEB Cost	Actual County Contribution	Percentage of AOC Contributed	Net OPEB Obligation	
1/1/17	\$ 269,575	\$ 89,021	33 %	\$ 1,585,773	
1/1/16	269,575	82,305	31	1,405,219	
1/1/15	147,329	70,798	48	1,217,949	
1/1/14	147,329	88,840	60	1,141,418	
1/1/13	258,890	61,490	24	1,082,929	
1/1/12	258,890	76,417	30	885,529	
1/1/11	215,845	23,265	11	703,056	
1/1/10	215,845	17,875		510,476	

NOTES TO FINANCIAL STATEMENTS

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

As of the most recent valuation date, January 1, 2016, the funded status of the OPEB Health Care Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
01/01/16	\$ -	\$ 2,611,260	\$ 2,611,260	- %	\$ 8,279,961	31.5 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net position is increasing or decreasing over time relative to the actuarial liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2016. The assumptions used in the January 1, 2016 actuarial valuation are as follows:

Basis of Valuation

Current Valuation Date	January 1, 2016
Actuarial Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Assumed Rate of Return on Investments	4.0%
Medical Cost Trend Rate	7.75% - 5.00%
Year of Ultimate Medical Cost Trend Rate	2022
Amortization Method	Level Percentage of Pay (Open)
Remaining Amortization Period	30 years
Payroll Inflation Rate	3.0%

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT

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

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

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

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

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

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

All funds participate in the program and make payments to the General Fund. The claims liability at December 31, 2017, is based on requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT (CONTINUED)

Required disclosure representing the changes in the balances of claims liabilities during the years ended December 31, 2017 and 2016, respectively, are as follows:

	December 31,	
	2017	2016
Unpaid claims, beginning of fiscal year	\$ 198,677	\$ 285,102
Incurred claims	2,685,175	3,946,202
Claims Paid	(2,637,541)	(4,032,627)
Unpaid claims, end of fiscal year	<u>\$ 246,311</u>	<u>\$ 198,677</u>

NOTE 14. CONTINGENCIES AND COMMITMENTS

Grant Contingencies:

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

Contractual Commitments:

In addition to the liabilities enumerated in the balance sheet at December 31, 2017, the County has contractual commitments on uncompleted construction contracts of approximately \$241,000.

Litigation:

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

REQUIRED SUPPLEMENTARY INFORMATION

MONROE COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

OTHER POST-EMPLOYMENT BENEFIT PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
01/01/16	\$ -	\$ 2,611,260	\$ 2,611,260	- %	\$ 8,279,961	31.5 %
01/01/14	-	1,491,630	1,491,630	-	7,711,973	19.3
01/01/12	-	2,641,785	2,641,785	-	7,777,467	34.0
01/01/10	-	1,938,904	1,938,904	-	7,212,712	26.9

The assumptions used in the preparation of the above schedule are disclosed in Note 12 in the Notes to the Financial Statements.

MONROE COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS

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

MONROE COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,215,850	\$ 1,122,951	\$ 1,147,758	\$ 1,399,777
Contributions in relation to the actuarially determined contribution	<u>1,215,850</u>	<u>1,122,951</u>	<u>1,147,758</u>	<u>1,399,777</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 7,226,818	\$ 7,516,338	\$ 7,552,981	\$ 7,262,744
Contributions as a percentage of covered-employee payroll	16.82%	14.94%	15.20%	19.27%

Notes to the Schedule

Valuation Date	January 1, 2016
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a 5-year smoothing period
Assumed Rate of Return on Investments	7.50%
Projected Salary Increases	2.50% - 5.00% (including 3.00% inflation)
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

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

MONROE COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

MONROE COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	<u>Library</u>	<u>Forfeited Funds</u>	<u>Law Library</u>	<u>Jail Fines</u>	<u>Drug Education</u>
ASSETS					
Cash	\$ 32,380	\$ 52,909	\$ 4,211	\$ 60,389	\$ 15,837
Investments	57,140	-	17,098	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	65	-	8	-	-
Due from other governments	-	-	-	12,640	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 89,585</u>	<u>\$ 52,909</u>	<u>\$ 21,317</u>	<u>\$ 73,029</u>	<u>\$ 15,837</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 1,302	\$ -	\$ 1,085	\$ 1,084
Accrued liabilities	-	-	-	-	1,826
Unearned revenue	-	-	-	-	-
Due to other funds	-	3,985	-	-	234
Total liabilities	<u>-</u>	<u>5,287</u>	<u>-</u>	<u>1,085</u>	<u>3,144</u>
FUND BALANCES					
Restricted for:					
Judicial	-	-	21,317	-	-
Public safety	-	47,622	-	71,944	12,693
Capital projects	-	-	-	-	-
Assigned for:					
Culture and recreation	89,585	-	-	-	-
Total fund balances	<u>89,585</u>	<u>47,622</u>	<u>21,317</u>	<u>71,944</u>	<u>12,693</u>
Total liabilities and fund balances	<u>\$ 89,585</u>	<u>\$ 52,909</u>	<u>\$ 21,317</u>	<u>\$ 73,029</u>	<u>\$ 15,837</u>

Special Revenue Funds										Total Governmental Funds
E-911	C.A.R.E. Cottage	Federal Forfeited Funds	CDBG Water Grant	EMS Grant	EMA Grant	Sheriff's Safe Driving	Supervisory Fees			
\$ 14,920	\$ 252,662	\$ 2,394	\$ 192	\$ 422	\$ 23,867	\$ 3,907	\$ 4,095	\$ 468,185		
-	-	-	-	-	-	-	-	74,238		
71,283	-	-	-	-	-	-	-		71,283	
-	-	-	-	-	-	-	-		73	
-	12,589	-	-	-	-	-	-		25,229	
200,454	-	385	-	-	-	-	-		200,839	
<u>\$ 286,657</u>	<u>\$ 265,251</u>	<u>\$ 2,779</u>	<u>\$ 192</u>	<u>\$ 422</u>	<u>\$ 23,867</u>	<u>\$ 3,907</u>	<u>\$ 4,095</u>		<u>\$ 839,847</u>	
\$ 117,912	\$ 2,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,963		
25,070	5,356	-	-	-	-	-	-	32,252		
-	1,704	-	-	-	-	-	-		1,704	
-	89,098	-	-	104	21,859	1,123	350		116,753	
<u>142,982</u>	<u>98,738</u>	<u>-</u>	<u>-</u>	<u>104</u>	<u>21,859</u>	<u>1,123</u>	<u>350</u>		<u>274,672</u>	
-	166,513	-	-	-	-	-	3,745		191,575	
143,675	-	2,779	-	318	2,008	2,784	-		283,823	
-	-	-	192	-	-	-	-		192	
-	-	-	-	-	-	-	-		89,585	
<u>143,675</u>	<u>166,513</u>	<u>2,779</u>	<u>192</u>	<u>318</u>	<u>2,008</u>	<u>2,784</u>	<u>3,745</u>		<u>565,175</u>	
<u>\$ 286,657</u>	<u>\$ 265,251</u>	<u>\$ 2,779</u>	<u>\$ 192</u>	<u>\$ 422</u>	<u>\$ 23,867</u>	<u>\$ 3,907</u>	<u>\$ 4,095</u>		<u>\$ 839,847</u>	

MONROE COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	<u>Library</u>	<u>Forfeited Funds</u>	<u>Law Library</u>	<u>Jail Fines</u>	<u>Drug Education</u>
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	5,660	31,394	15,714	130,709	37,781
Charges for services	7,647	-	-	-	-
Interest income	-	3	14	11	3
Contributions	1,838	-	-	-	-
Miscellaneous	66	-	-	-	-
Total revenues	<u>15,211</u>	<u>31,397</u>	<u>15,728</u>	<u>130,720</u>	<u>37,784</u>
Expenditures:					
Current:					
Judicial	-	-	18,845	-	-
Public safety	-	8,630	-	140,782	50,443
Public works	-	-	-	-	-
Culture and recreation	15,178	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>15,178</u>	<u>8,630</u>	<u>18,845</u>	<u>140,782</u>	<u>50,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33</u>	<u>22,767</u>	<u>(3,117)</u>	<u>(10,062)</u>	<u>(12,659)</u>
Other financing sources:					
Transfers in	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>33</u>	<u>22,767</u>	<u>(3,117)</u>	<u>(10,062)</u>	<u>(12,659)</u>
Fund balances, beginning of year	<u>89,552</u>	<u>24,855</u>	<u>24,434</u>	<u>82,006</u>	<u>25,352</u>
Fund balances, end of year	<u><u>\$ 89,585</u></u>	<u><u>\$ 47,622</u></u>	<u><u>\$ 21,317</u></u>	<u><u>\$ 71,944</u></u>	<u><u>\$ 12,693</u></u>

Special Revenue Funds

E-911	C.A.R.E. Cottage	Federal Forfeited Funds	CDBG Water Grant	EMS Grant	EMA Grant	Sheriff's Safe Driving	Supervisory Fees	Total Governmental Funds
\$ -	\$ 121,950	\$ -	\$ 90,000	\$ -	\$ 8,427	\$ -	\$ -	\$ 220,377
-	66,262	2,361	-	-	-	-	1,015	290,896
432,491	-	-	-	-	-	-	-	440,138
4	220	-	-	-	2	-	-	257
-	-	-	-	-	-	1,400	-	3,238
-	13,707	-	-	-	-	-	-	13,773
432,495	202,139	2,361	90,000	-	8,429	1,400	1,015	968,679
-	219,115	-	-	-	-	-	-	237,960
1,076,813	-	4,595	-	-	17,808	1,123	400	1,300,594
-	-	-	90,808	-	-	-	-	90,808
-	-	-	-	-	-	-	-	15,178
82,860	-	-	-	-	-	-	-	82,860
3,589	-	-	-	-	-	-	-	3,589
1,163,262	219,115	4,595	90,808	-	17,808	1,123	400	1,730,989
(730,767)	(16,976)	(2,234)	(808)	-	(9,379)	277	615	(762,310)
760,000	-	-	-	-	-	-	-	760,000
760,000	-	-	-	-	-	-	-	760,000
29,233	(16,976)	(2,234)	(808)	-	(9,379)	277	615	(2,310)
114,442	183,489	5,013	1,000	318	11,387	2,507	3,130	567,485
\$ 143,675	\$ 166,513	\$ 2,779	\$ 192	\$ 318	\$ 2,008	\$ 2,784	\$ 3,745	\$ 565,175

MONROE COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Project Description	Original Estimated Cost	Expenditures			Total
		Prior Years, As Restated	Current Year		
Recreation Facilities and Equipment	\$ 700,000	\$ 768,626	\$ -	\$ 768,626	
Administrative Facility and Equipment	3,500,000	3,474,794	-	3,474,794	
Patrol Vehicles	700,000	735,214	-	735,214	
Emergency Services Equipment	450,000	389,097	-	389,097	
Public Safety Facility and Equipment	500,000	805,708	-	805,708	
Roads, Streets, and Bridges	8,000,000	7,303,154	-	7,303,154	
Construction of Water and Sewer Lines	5,354,000	7,706,581	-	7,706,581	
Hospital Capital Improvements	4,300,000	3,631,849	-	3,631,849	
City of Forsyth	4,200,000	4,659,287	-	4,659,287	
City of Culloden	500,000	499,977	-	499,977	
Total	\$ 28,204,000	\$ 29,974,287	\$ -	\$ 29,974,287	

MONROE COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2014 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Project Description	Original Estimated Cost	Expenditures			Total
		Prior Years, As Restated	Current Year		
Roads, Streets, Bridges	\$ 7,000,000	\$ 7,820,112	\$ 4,050,444	\$ 11,870,556	
Construction of Water and Sewer Lines	7,000,000	5,582,262	239,770	5,822,032	
Patrol Vehicles	800,000	472,142	115,504	587,646	
Emergency Services Equipment	1,500,000	-	519,809	519,809	
Recreation Facilities and Equipment	2,500,000	193,877	25,245	219,122	
Hospital Capital Improvements	1,000,000	1,606	-	1,606	
Emergency 911 Radio System Upgrade	3,100,000	2,984,919	236,366	3,221,285	
Library Facilities and Equipment	150,000	5,789	-	5,789	
Road Department Heavy Equipment	1,250,000	622,012	-	622,012	
Civic Center Facilities and Equipment	1,200,000	1,415,011	-	1,415,011	
City of Forsyth	4,600,000	1,827,205	619,082	2,446,287	
City of Culloden	550,000	217,901	73,828	291,729	
Total	\$ 30,650,000	\$ 21,142,836	\$ 5,880,048	\$ 27,022,884	

Reconciliation of SPLOST schedules to financial statements:

Total of all SPLOST schedules of expenditures	\$ 5,880,048
Expenditures - 2014 SPLOST Fund	\$ 2,383,542
Transfers out - 2014 SPLOST Fund	3,496,506
	\$ 5,880,048

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

MONROE COUNTY, GEORGIA

NONMAJOR ENTERPRISE FUNDS

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

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

MONROE COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2017

	Building Inspection	Conference Center	Totals
ASSETS			
CURRENT ASSETS			
Cash	\$ 4,699	\$ 46,635	\$ 51,334
Total current assets	<u>4,699</u>	<u>46,635</u>	<u>51,334</u>
NONCURRENT ASSETS			
Capital assets:			
Non-depreciable	-	23,037	23,037
Depreciable, net of accumulated depreciation	-	885,889	885,889
Total capital assets	<u>-</u>	<u>908,926</u>	<u>908,926</u>
Total noncurrent assets	-	908,926	908,926
Total assets	<u>4,699</u>	<u>955,561</u>	<u>960,260</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	36,113	-	36,113
Total deferred outflows of resources	<u>36,113</u>	<u>-</u>	<u>36,113</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	85	3,425	3,510
Accrued liabilities	5,413	3,293	8,706
Compensated absences payable, current	4,464	6,357	10,821
Due to other funds	(53,256)	92,437	39,181
Total current liabilities	<u>(43,294)</u>	<u>105,512</u>	<u>62,218</u>
LONG-TERM LIABILITIES			
Revenue bonds payable, net of current portion	-	-	-
Net pension liability	78,925	-	78,925
Total long-term liabilities	<u>78,925</u>	<u>-</u>	<u>78,925</u>
Total liabilities	<u>35,631</u>	<u>105,512</u>	<u>141,143</u>
NET POSITION			
Investment in capital assets	-	908,926	908,926
Unrestricted	5,181	(58,877)	(53,696)
Total net position	<u>\$ 5,181</u>	<u>\$ 850,049</u>	<u>\$ 855,230</u>

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

MONROE COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	Building Inspection	Conference Center	Totals
Operating revenues:			
Charges for services:			
Building licenses and permits	\$ 131,912	\$ -	\$ 131,912
Rent	-	109,466	109,466
Service charges	-	30	30
Miscellaneous	-	300	300
Total operating revenues	<u>131,912</u>	<u>109,796</u>	<u>241,708</u>
Operating expenses:			
Personal services	157,100	81,582	238,682
Purchased/contracted services	4,222	8,241	12,463
Supplies and materials	9,286	5,727	15,013
Utilities and purchased water	-	23,324	23,324
Depreciation	-	18,849	18,849
Total operating expenses	<u>170,608</u>	<u>137,723</u>	<u>308,331</u>
Operating loss	<u>(38,696)</u>	<u>(27,927)</u>	<u>(66,623)</u>
Nonoperating revenues:			
Investment income	2	-	2
Total nonoperating revenues	<u>2</u>	<u>-</u>	<u>2</u>
Loss before transfers	(38,694)	(27,927)	(66,621)
Transfers in			
Total transfers	<u>90,000</u>	<u>-</u>	<u>90,000</u>
Change in net position	51,306	(27,927)	23,379
Net position (deficit), beginning of year	<u>(46,125)</u>	<u>877,976</u>	<u>831,851</u>
Net position, end of year	<u>\$ 5,181</u>	<u>\$ 850,049</u>	<u>\$ 855,230</u>

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

MONROE COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	Building Inspection	Conference Center	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 131,912	\$ 109,796	\$ 241,708
Payments to suppliers and service providers	(13,493)	(34,733)	(48,226)
Payments to employees	(153,985)	(82,158)	(236,143)
Receipts from interfund services provided	(52,852)	49,234	(3,618)
Net cash provided by (used in) operating activities	<u>(88,418)</u>	<u>42,139</u>	<u>(46,279)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	90,000	-	90,000
Net cash provided by noncapital financing activities	<u>90,000</u>	<u>-</u>	<u>90,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	2	-	2
Net cash provided by investing activities	<u>2</u>	<u>-</u>	<u>2</u>
Net increase in cash and cash equivalents	1,584	42,139	43,723
Cash and cash equivalents:			
Beginning of year	<u>3,115</u>	<u>4,496</u>	<u>7,611</u>
End of year	<u>\$ 4,699</u>	<u>\$ 46,635</u>	<u>\$ 51,334</u>
Classified as:			
Cash and cash equivalents	<u>\$ 4,699</u>	<u>\$ 46,635</u>	<u>\$ 51,334</u>
	<u>\$ 4,699</u>	<u>\$ 46,635</u>	<u>\$ 51,334</u>

(Continued)

MONROE COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	Building Inspection	Conference Center	Totals
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (38,696)	\$ (27,927)	\$ (66,623)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	-	18,849	18,849
(Increase) decrease in:			
Due from other funds	404	-	404
Deferred outflows of resources - pensions	(12,245)	-	(12,245)
Increase (decrease) in:			
Accounts payable	15	2,559	2,574
Accrued liabilities	50	(657)	(607)
Compensated absences	(4,852)	81	(4,771)
Due to other funds	(53,256)	49,234	(4,022)
Net pension liability	<u>20,162</u>	<u>-</u>	<u>20,162</u>
Net cash provided by (used in) operating activities	<u>\$ (88,418)</u>	<u>\$ 42,139</u>	<u>\$ (46,279)</u>

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

MONROE COUNTY, GEORGIA

AGENCY FUNDS

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

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

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

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

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

MONROE COUNTY, GEORGIA

**COMBINING BALANCE SHEET
AGENCY FUNDS
DECEMBER 31, 2017**

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
Cash	\$ 1,214,804	\$ 90,676	\$ 102,691	\$ 27,594	\$ 441,954	\$ 1,877,719
Taxes receivable	3,196,350	-	-	-	-	3,196,350
Due from others	-	-	-	-	565	565
Total assets	\$ 4,411,154	\$ 90,676	\$ 102,691	\$ 27,594	\$ 442,519	\$ 5,074,634
LIABILITIES						
Due to others	\$ 1,214,804	\$ 90,676	\$ 102,691	\$ 27,594	\$ 442,519	\$ 1,878,284
Uncollected taxes	3,196,350	-	-	-	-	3,196,350
Total liabilities	\$ 4,411,154	\$ 90,676	\$ 102,691	\$ 27,594	\$ 442,519	\$ 5,074,634

COMPLIANCE SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County, Georgia as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Monroe County, Georgia's basic financial statements, and have issued our report thereon dated August 20, 2018. Our report includes a reference to other auditors who audited the financial statements of the Monroe County Health Department, as described in our report on Monroe County, Georgia's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2017-001 through 2017-005 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2017-006 to be a significant deficiency.

Compliance and Other Matters

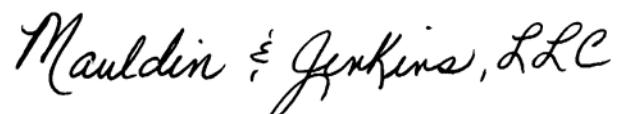
As part of obtaining reasonable assurance about whether Monroe County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2017-006.

Monroe County, Georgia's Responses to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is cursive and fluid, with "Mauldin" and "& Jenkins" connected by a flourish, and "LLC" written in a smaller, separate section.

Macon, Georgia

August 20, 2018

MONROE COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards

A single audit was not performed for the year ended December 31, 2017 due to the County not expending \$750,000 or more of federal funds.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

SECTION II
FINANCIAL STATEMENT FINDINGS

2017-001 General Accounting Matters (Repeat Finding of Prior Year 2016-001)

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

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

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

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

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

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2017-001 General Accounting Matters (Repeat Finding of Prior Year 2016-001) (Continued)

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

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

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

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

Context: We addressed this matter with County officials, who with the help of the consultant hired at the end of 2016, were able to provide all respective details and reconciliations as of and for the year ended December 31, 2017.

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

Recommendation: We recommend the County consider a variety of options to addressing the above condition. In no particular order, the County needs to look at the respective staffing of the accounting function, and determine if an adequate number of qualified people are currently available to address the condition. The County also needs to consider and evaluate its strengths and weaknesses relative to the accounting function, and take measures to address the concerns noted above with a goal of providing timely recording, reconciling and reporting of County operations and financial and non-financial activities. We recommend the County continue using the consultant hired in 2016 to assist in the close-out process in preparing for the audit.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2017-001 General Accounting Matters (Repeat Finding of Prior Year 2016-001) (Continued)

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

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

**Views of Responsible
Officials and Planned**

Corrective Action: We agree the County had issues with the way tasks were being performed. We have had high turnover in a short amount of time. We are in the process of hiring a Finance Director and will continue to provide continuing education and training for our staff. With the assistance of the Board of Commissioners, our goal is to address all matters noted by being proactive with evaluating our personnel and placing each of them in the most cost-effective roles.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2017-002 Segregation of Duties – Cash Accounts and Other Operational Functions
(Repeat Finding of Prior Year 2016-004)

- Criteria: Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.
- Condition: There is not appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in various funds administered by the County. Further, we noted a general lack of segregation of duties. We noted bank statements were being reconciled by employees of these elected officials' with no consistent review of the reconciled statements being performed. Specifically, we noted the following:
- Sheriff's Office – individuals that prepare bank statements also take deposits to the bank and post transactions to the general ledger.
 - Magistrate Court – one individual with the authority to prepare and sign checks also reconciles the bank statement.
 - Probate Court – one individual with the authority to open mail, post receipts, balance cash, prepare deposits and print disbursement reports.
 - Superior Court – one individual with the authority to prepare and sign checks also reconciles the bank statement.
 - Water Fund – individuals with access to cash receipts from customers also have the ability to post payments and adjustments in the system to customers' accounts. These duties should be separated to avoid any misappropriation of County funds.
- Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.
- Effect: Failure to properly segregate duties can lead to misappropriation of funds that is not detected during the normal course of business.
- Cause: The lack of segregation of duties is primarily due to the limited number of individuals in each office available to perform all of the duties.
- Recommendation: We recommend the duties of recording, distributing, and reconciling of accounts be segregated among employees. Also, we recommend greater separation of duties relative to: making deposits, opening the mail, posting receipts, and signing of checks.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2017-002 Segregation of Duties – Cash Accounts and Other Operational Functions
(Repeat Finding of Prior Year 2016-004) (Continued)

Views of Responsible

Officials and Planned

Corrective Action: We agree there is a lack of segregation of duties in the offices of the Sheriff, Tax Commissioner, Magistrate Court, Probate Court, and Superior Court due to the limited number of individuals in each office. We are reviewing the practices in the above mentioned offices to provide reasonable assurance that an individual cannot misappropriate funds.

2017-003 Accounts Receivable Function

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

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

Context: The revenue cycle relative to the General Fund is not timely billing for the respective services and the respective revenues and receivables are not being recorded correctly or reconciled on a monthly basis. Additionally, collection activity is not proper on the County's part in trying to collect the past due amounts, and there is no evaluation for whether an allowance should be recorded.

Effect: The County is not maximizing its cash flow properly, as management is not billing and reconciling amounts owed to the County. Over \$400,000 of the current year receivable balance is more than 12 months past due.

Cause: County personnel are not taking due care to ensure amounts are billed timely or correctly, and a lack of accountability is noted by virtue of no preparation of monthly reconciliations nor any review or supervision thereof. The lack of performing these most basic functions represents the cause.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2017-003 Accounts Receivable Function (Continued)

Recommendation: We recommend the County consider a variety of options to addressing the above condition. First, and foremost, we recommend that the County maintain, reconcile and review all accounts receivable listings on a periodic basis (preferably monthly) to ensure proper recording, and that such accountability be further demonstrated via proper documentation of adequate reviews and supervision. We also recommend the County evaluate staffing needs in order to implement a systems of 'checks and balances' within the County to review and approve write-offs and adjustments to customer accounts as well as follow up with regards to collection activities. By making these changes in the County's day to day procedures, the County could increase its cash flow position and strengthen internal controls.

Views of Responsible
Officials and Planned

Corrective Action: We agree and are in the process of implementing controls to alleviate the above accounts receivable finding.

2017-004 Payroll Tax Returns and Penalties (Repeat Finding of Prior Year 2016-007)

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

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

Context: See above condition

Effect: The County has paid a total of over \$200,000 in penalties and interest for payroll tax returns not filed timely for 2016 and 2017.

Cause: Internal controls related to the filing of payroll tax returns and the remitting of payroll taxes were not sufficient to ensure timely filing.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2017-004 Payroll Tax Returns and Penalties (Repeat Finding of Prior Year 2016-007) (Continued)

Recommendation: We recommend the County take the applicable steps necessary to ensure proper filing of the 941 Quarterly Payroll Tax Returns and timely remittance of Federal and State payroll tax deposits. This includes implementing a systems of 'checks and balances' within the Finance Department to strengthen controls in this area, providing adequate training on the accounting software and ensuring there is adequate staff to perform the assigned duties.

Views of Responsible
Officials and Planned

Corrective Action: We agree with this finding and are in the process hiring a Finance Director, as well as transferring certain payroll functions to a third party payroll service.

2017-005 Long-Term Debt

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

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

Context: County management was able to identify the late payment and submitted it subsequent to year end.

Effect: The County accrued the past due debt service payment in the current year when due, but payment was not made to the financial institution as required during 2017. As a result, two debt service payments will be recognized on the Statement of Net Position during 2018.

Cause: Internal controls related to timely remittance of debt service payments were not sufficient to ensure timely filing.

Recommendation: We recommend the County take the applicable steps necessary to ensure proper and timely payment on its outstanding obligations. This includes implementing a systems of 'checks and balances' within the Finance Department to strengthen controls in this area, providing adequate training on the accounting software and ensuring there is adequate staff to perform the assigned duties.

Views of Responsible
Officials and Planned

Corrective Action: We agree with this finding and are in the process hiring a Finance Director and implementing controls to prevent this from happening in the future.

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2017-006 Compliance with State Law (Repeat Finding of Prior Year 2015-011)

- Criteria: State law (OCGA 48-8-121) requires SPLOST proceeds to be used exclusively for purposes specified in the resolution or ordinance calling for imposition of the tax and such proceeds be kept in a separate account and not commingled with other funds of the County.
- Condition: The County maintains separate SPLOST funds for each SPLOST issuance and a separate fund to account for debt that will be repaid using SPLOST proceeds, resulting in many interfund transfers and interfund balances between funds. These procedures resulted in balances at December 31, 2017 due to the SPLOST funds.
- Context: During our review of interfund amounts between the various funds of the County, we noted amounts due to the SPLOST funds from the Public Facilities Authority Fund and other SPLOST funds.
- Effect: At December 31, 2017, the Public Facilities Authority Fund owed \$110,504 to the 2008 SPLOST Fund and \$183,275 to the 2014 SPLOST Fund, and the 2008 SPLOST Fund owed the 2014 SPLOST Fund \$391,880.
- Cause: Internal controls in regard to interfund transactions were not sufficient to ensure proper expenditure of SPLOST funds.
- Recommendation: We recommend the County strengthen internal controls to ensure proper accounting of SPLOST funds. Further, we recommend funds receivable and payable be satisfied as soon as possible.
- Views of Responsible Officials and Planned Corrective Action: We agree. The County will review and evaluate all SPLOST funds and strengthen internal controls to ensure proper expenditure of all SPLOST funds.

MONROE COUNTY, GEORGIA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

**SECTION III
FEDERAL AWARD FINDINGS AND RESPONSES**

Not Applicable.

MONROE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

2016-001 General Accounting Matters

- Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable (and available). Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.
- Condition: An inordinate amount of accounting, reporting and reconciling was not properly performed and reviewed during the fiscal year which required a colossal effort to close the County's 2016 fiscal year. The County recently hired a consultant to assist in the close-out process in preparation for the audit, so much of this work was performed by this individual. Significant adjustments were determined and required to be recorded in the months that followed December 31, 2016. Additionally, it was noted that some of the County's Funds' activity had not been recorded for the entire year. Further, and throughout the course of the audit process, we noted there was an overall lack of proper and adequate accounting on a timely basis.

Auditee Response/Status: Unresolved. This is included as current finding number 2017-001.

2016-002 Management of Due To/From and Transfer (Internal) Accounts

- Criteria: Generally accepted accounting principles require consideration of the collectability of receivables of all kinds, whether external or internal to the County.
- Condition: During fiscal year 2016, the County did not properly account for and use due to/due from accounts and transfers in conjunction with the operations of the County.

Auditee Response/Status: Resolved.

MONROE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

2016-003 Journal Entries

Criteria: Internal controls should be in place to provide reasonable assurance that all journal entries recorded to the respective general ledgers be adequately and properly reviewed, entered and documented for propriety and correctness.

Condition: As part of the audit process, we sampled the journal entries recorded by the County during fiscal year 2016. Our sample results noted a lack of documentation as to the appropriateness of certain journal entries as well as evidence of a proper and adequate review.

Auditee Response/Status: Partially resolved. This is included as current finding number 2017-001.

2016-004 Segregation of Duties - Cash Accounts and Other Operational Functions

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

Auditee Response/Status: Unresolved. This is included as current finding number 2017-002.

2016-005 Water Billing Function

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

Condition: The revenue cycle relative to the Water Department is not properly billing for the respective services and the respective revenues and receivables are not being recorded correctly or reconciled on a monthly basis.

Auditee Response/Status: Resolved.

MONROE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

2016-006 Compliance with State Law

Criteria: State law (OCGA 48-8-121) requires SPLOST proceeds to be used exclusively for purposes specified in the resolution or ordinance calling for imposition of the tax and such proceeds be kept in a separate account.

Condition: The County maintains separate SPLOST funds for each SPLOST issuance and a separate fund to account for debt that will be repaid using SPLOST proceeds, resulting in many interfund transfers and interfund balances between funds. These procedures resulted in balances at December 31, 2016 due to SPLOST.

Auditee Response/Status: Unresolved. This is included as current finding number 2017-006.

2016-007 Payroll Tax Returns and Penalties

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

Condition: During our testing of accrued liabilities and review of the County's 941 Quarterly Payroll Tax Returns, we noted that payroll taxes had been incorrectly calculated for all four quarters of 2016. In 2016, the County incurred and paid over \$150,000 in penalties and interest to the state and federal government for payroll tax returns not filed timely.

Auditee Response/Status: Unresolved. This is included as current finding number 2017-004.