MONROE COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

MONROE COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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FINANCIAL REPORT
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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, 2016, 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 6.8% of the assets, 1.2% of the net position, and 98.9% of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe County Health Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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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, 2016, 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 60), Schedule of Changes in the County's Net Pension Liability and Related Ratios (page 61), Schedule of County Contributions (page 62), Schedule of Employer's Net Pension Liability – Health Department (page 63), and Schedule of Employer's Pension Contributions – Health Department (page 64) 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 June 16, 2017, 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.

Mauldin & Jenkins, LLC

Macon, Georgia
June 16, 2017

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BASIC FINANCIAL STATEMENTS

MONROE COUNTY, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Development Authority	Health Department
ASSETS					
Cash and cash equivalents	$ 3,233,966	$ 231,548	$ 3,465,514	$ 3,014,838	$ 233,903
Investments	74,415	150,453	224,868	-	100,671
Taxes receivable	7,907,669	-	7,907,669	-	-
Interest receivable	73	-	73	-	-
Accounts receivable, net of allowances	858,036	100,210	958,246	-	58,077
Due from other governments	1,989,181	-	1,989,181	-	-
Internal balances	651,013	(651,013)	-	-	-
Inventories	315,977	114,551	430,528	-	-
Prepaid items	-	-	-	3,109	-
Restricted assets: cash	7,188,154	114,813	7,302,967	-	-
Capital assets, non-depreciable	4,149,452	967,421	5,116,873	2,113,762	-
Capital assets, depreciable, net of accumulated depreciation	68,421,479	37,750,585	106,172,064	318,603	6,725
Total assets	94,789,415	38,778,568	133,567,983	5,450,312	399,376
DEFERRED OUTFLOW OF RESOURCES					
Pensions	1,885,076	147,944	2,033,020	-	52,885
Total deferred outflows of resources	1,885,076	147,944	2,033,020	-	52,885
LIABILITIES					
Accounts payable	680,333	265,059	945,392	70,916	-
Accrued liabilities	344,021	42,335	386,356	-	5,868
Unearned revenues	34,193	-	34,193	-	-
Due to other governments	3,184	-	3,184	-	-
Accrued interest	60,429	-	60,429	-	-
Customer deposits payable	-	108,500	108,500	-	-
Liabilities payable from restricted assets	-	-	-	-	-
Capital leases due within one year	82,860	-	82,860	-	-
Capital leases due in more than one year	306,580	-	306,580	-	-
Compensated absences due within one year	319,334	60,962	380,296	-	-
Compensated absences due in more than one year	228,487	23,945	252,432	-	17,620
Net pension liability	4,641,130	364,241	5,005,371		296,279
Notes payable due in within one year	-	45,646	45,646	-	-
Notes payable due in more than one year	-	1,171,214	1,171,214	-	-
Bonds payable due within one year	4,345,000	-	4,345,000	-	-
Bonds payable due in more than one year	17,456,028	-	17,456,028	-	-
Landfill closure and postclosure care costs due in more than one year	-	1,192,998	1,192,998	-	-
Net OPEB obligation due in more than one year	1,405,219	-	1,405,219	-	-
Total liabilities	29,906,798	3,274,900	33,181,698	70,916	319,767
DEFERRED INFLOW OF RESOURCES					
Pensions	-	-	-	-	65,441
Total deferred inflows of resources	-	-	-	-	65,441
NET POSITION					
Net investment in capital assets	57,401,449	38,718,006	96,119,455	2,432,365	6,725
Restricted for:					
Judicial	211,053	-	211,053	-	-
Public safety	265,880	-	265,880	-	-
Capital projects	4,611,928	-	4,611,928	-	-
Unrestricted	4,277,383	(3,066,394)	1,210,989	2,947,031	60,328
Total net position	$ 66,767,693	$ 35,651,612	$ 102,419,305	$ 5,379,396	$ 67,053

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

MONROE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Business-type Activities	Total	Component Units: Development Authority	Component Units: Health Department
Primary government:									
Governmental activities:									
General government	$ 4,384,380	$ 809,044	$ -	$ 135	$ (3,575,201)	$ -	$ (3,575,201)	$ -	$ -
Judicial	2,232,359	1,310,223	-	-	(922,136)	-	(922,136)	-	-
Public safety	11,561,535	1,505,544	273,657	39	(9,782,295)	-	(9,782,295)	-	-
Public works	6,893,445	28,095	477,501	1	(6,387,848)	-	(6,387,848)	-	-
Health and welfare	599,616	15,210	45,887	1	(538,518)	-	(538,518)	-	-
Culture and recreation	546,046	61,946	1,672	-	(482,428)	-	(482,428)	-	-
Housing and development	277,412	-	-	-	(277,412)	-	(277,412)	-	-
Interest on long-term debt	455,247	-	-	-	(455,247)	-	(455,247)	-	-
Total governmental activities	26,950,040	3,730,062	798,717	176	(22,421,085)	-	(22,421,085)	-	-
Business-type activities:									
Water	2,212,439	1,389,158	-	-	-	(823,281)	(823,281)	-	-
Landfill	1,661,880	335,790	-	-	-	(1,326,090)	(1,326,090)	-	-
Building inspections	370,963	227,043	-	-	-	(143,920)	(143,920)	-	-
Total business-type activities	4,245,282	1,951,991	-	-	-	(2,293,291)	(2,293,291)	-	-
Total primary government	$ 31,195,322	$ 5,682,053	$ 798,717	$ 176	(22,421,085)	(2,293,291)	(24,714,376)	-	-
Component units:									
Development Authority	$ 225,150	$ 6,800	$ -	$ -	$ -	$ -	$ -	$ (218,350)	$ -
Health Department	464,139	229,752	357,060	-	-	-	-	-	122,673
Total component units	$ 689,289	$ 236,552	$ 357,060	$ -	$ -	$ -	$ -	$ (218,350)	$ 122,673
General revenues:									
Property taxes					16,524,904	-	16,524,904	-	-
Sales taxes					7,171,047	-	7,171,047	-	-
Insurance premium tax					-	1,253,296	1,253,296	-	-
Intangible tax					159,980	-	159,980	-	-
Alcoholic beverages tax					103,610	-	103,610	-	-
Other taxes					115,514	-	115,514	-	-
Unrestricted investment earnings					8,989	773	9,762	364	393
Gain on sale of capital assets					803	-	803	-	-
Transfers					(200,820)	200,820	-	-	-
Total general revenues and transfers					23,884,027	1,454,889	25,338,916	364	393
Change in net position					1,462,942	(838,402)	624,540	(217,986)	123,066
Net position, beginning of year					65,304,751	36,490,014	101,794,765	5,597,382	(56,013)
Net position, end of year					$ 66,767,693	$ 35,651,612	$ 102,419,305	$ 5,379,396	$ 67,053

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

MONROE COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General	Public Facilities Authority	2008 SPLOST	2014 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 1,711,480	$ -	$ 547,133	$ 490,411	$ 484,942	$ 3,233,966
Investments	190	-	-	-	74,225	74,415
Taxes receivable (net)	7,907,669	-	-	-	-	7,907,669
Accounts receivable	787,299	-	-	-	70,737	858,036
Interest receivable	-	-	-	-	73	73
Due from other governments	269,973	1,279,673	-	435,915	3,620	1,989,181
Due from other funds	1,450,716	-	4,635,690	239,902	166,408	6,492,716
Inventories	315,977	-	-	-	-	315,977
Restricted cash	-	7,188,154	-	-	-	7,188,154
Total assets	$ 12,443,304	$ 8,467,827	$ 5,182,823	$ 1,166,228	$ 800,005	$ 28,060,187
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 443,367	$ -	$ -	$ 116,175	$ 120,791	$ 680,333
Accrued liabilities	317,908	-	-	-	26,113	344,021
Unearned revenues	32,489	-	-	-	1,704	34,193
Due to other governments	-	-	3,184	-	-	3,184
Due to other funds	260,704	2,233,281	568,711	2,695,095	83,912	5,841,703
Total liabilities	1,054,468	2,233,281	571,895	2,811,270	232,520	6,903,434
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	4,666,309	-	-	-	-	4,666,309
Unavailable revenue - emergency services	264,497	-	-	-	-	264,497
Total deferred inflows of resources	4,930,806	-	-	-	-	4,930,806
FUND BALANCES (DEFICIT)						
Fund balances:						
Nonspendable:						
Inventories	315,977	-	-	-	-	315,977
Restricted for:						
Judicial	-	-	-	-	211,053	211,053
Public safety	-	-	-	-	265,880	265,880
Capital projects	-	6,067,378	4,610,928	-	1,000	10,679,306
Debt service	-	167,168	-	-	-	167,168
Assigned for:						
Culture and recreation	-	-	-	-	89,552	89,552
Unassigned	6,142,053	-	-	(1,645,042)	-	4,497,011
Total fund balances (deficit)	6,458,030	6,234,546	4,610,928	(1,645,042)	567,485	16,225,947
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 12,443,304	$ 8,467,827	$ 5,182,823	$ 1,166,228	$ 800,005	

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.	72,570,931
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,930,806
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.	1,885,076
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(22,798,718)
Net pension liabilities is not due and payable in the current period and, therefore, are not reported in the funds.	(4,641,130)
Net OPEB obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(1,405,219)
Net position of governmental activities	$ 66,767,693

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, 2016

	General	Public Facilities Authority	2008 SPLOST	2014 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	$ 14,725,345	$ -	$ -	$ -	$ -	$ 14,725,345
Sales taxes	3,075,583	-	-	4,095,464	-	7,171,047
Other taxes	379,104	-	-	-	-	379,104
Licenses and permits	49,452	-	-	-	-	49,452
Intergovernmental	723,721	-	-	-	56,633	780,354
Charges for services	1,896,931	-	-	-	460,240	2,357,171
Fines and forfeitures	793,016	-	-	-	302,708	1,095,724
Interest income	1	8,281	134	-	707	9,123
Contributions	-	-	-	-	4,563	4,563
Miscellaneous	250,160	-	-	-	13,868	264,028
Total revenues	21,893,313	8,281	134	4,095,464	838,719	26,835,911
Expenditures						
Current:						
General government	3,577,660	-	-	-	-	3,577,660
Judicial	1,945,955	-	5,000	-	252,455	2,203,410
Public safety	10,711,438	-	-	-	1,737,524	12,448,962
Public works	2,957,800	-	-	-	-	2,957,800
Health and welfare	528,629	58,293	-	-	-	586,922
Culture and recreation	928,045	-	-	-	8,515	936,560
Housing and development	370,694	-	-	-	-	370,694
Intergovernmental	-	-	-	687,926	-	687,926
Capital outlay	-	-	43,511	1,977,141	-	2,020,652
Debt service:						
Principal	-	4,215,000	-	-	-	4,215,000
Interest and fiscal charges	-	804,035	-	-	-	804,035
Total expenditures	21,020,221	5,077,328	48,511	2,665,067	1,998,494	30,809,621
Excess (deficiency) of revenues over (under) expenditures	873,092	(5,069,047)	(48,377)	1,430,397	(1,159,775)	(3,973,710)
Other financing sources (uses):						
Proceeds from sale of capital assets	803	-	-	-	-	803
Capital leases	-	-	-	-	389,440	389,440
Transfers in	-	4,258,271	4,109	1,369,344	845,000	6,476,724
Transfers out	(1,930,854)	(1,369,344)	-	(3,256,526)	-	(6,556,724)
Total other financing sources (uses)	(1,930,051)	2,888,927	4,109	(1,887,182)	1,234,440	310,243
Net change in fund balances	(1,056,959)	(2,180,120)	(44,268)	(456,785)	74,665	(3,663,467)
Fund balance (deficit), beginning of year	7,514,989	8,414,666	4,655,196	(1,188,257)	492,820	19,889,414
Fund balance (deficit), end of year	$ 6,458,030	$ 6,234,546	$ 4,610,928	$ (1,645,042)	$ 567,485	$ 16,225,947

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, 2016

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

Net change in fund balances - total governmental funds	$	(3,663,467)
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.		(557,423)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,777,088
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.		4,169,651
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.		(262,907)
	$	1,462,942

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, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 15,957,343	$ 15,963,275	$ 14,725,345	$ (1,237,930)
Sales taxes	3,097,698	3,097,698	3,075,583	(22,115)
Other taxes	357,590	357,590	379,104	21,514
Licenses and permits	59,391	59,391	49,452	(9,939)
Intergovernmental	672,349	730,017	723,721	(6,296)
Charges for services	1,961,552	1,961,552	1,896,931	(64,621)
Fines and forfeitures	782,842	782,842	793,016	10,174
Investment income	2,216	2,216	1	(2,215)
Miscellaneous	170,427	177,915	250,160	72,245
Total revenues	23,061,408	23,132,496	21,893,313	(1,239,183)
Expenditures:				
Current:				
General government:				
County commissioners	1,611,766	952,281	944,643	7,638
Board of registrars	99,596	69,918	68,540	1,378
Elections	79,295	90,633	90,633	-
Financial administration	113,193	128,994	128,994	-
Purchasing	113,550	130,644	130,644	-
Fuel depot	6,146	10,178	7,816	2,362
Tax commissioner	374,384	382,535	382,500	35
Tax assessor	501,351	491,657	491,657	-
Board of equalization	12,016	1,611	1,611	-
Public buildings	783,242	734,798	734,798	-
Justice center	157,157	145,453	145,453	-
General insurance	310,000	450,371	450,371	-
Total general government	4,161,696	3,589,073	3,577,660	11,413
Judicial:				
Superior court	850,341	905,858	905,858	-
Clerk of superior court	396,540	461,760	461,760	-
Magistrate court	223,245	251,565	251,565	-
Probate court	302,052	321,522	321,400	122
Juvenile court	9,093	5,372	5,372	-
Total judicial	1,781,271	1,946,077	1,945,955	122
Public safety:				
Sheriff	4,183,069	4,512,236	4,512,236	-
Jail	2,382,854	2,553,542	2,553,542	-
School resource officer	148,420	156,848	156,848	-
Court security	155,791	159,486	159,486	-
Emergency services	2,649,831	3,071,056	3,071,056	-
Coroner	28,603	31,851	31,851	-
Animal control	141,924	161,817	161,717	100
Emergency management	43,984	64,702	64,702	-
Total public safety	9,734,476	10,711,538	10,711,438	100
Public works:				
Public roads	2,931,459	2,615,918	2,595,170	20,748
Maintenance and shop	303,318	362,630	362,630	-
Total public works	3,234,777	2,978,548	2,957,800	20,748

(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, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures (continued):				
Current (continued):				
Health and welfare:				
Healthcare	$ 447,481	$ 454,578	$ 454,578	$ -
Tick control	17,477	24,037	23,805	232
Welfare	25,792	25,792	25,792	-
Community services	24,000	18,525	18,525	-
Conference center	32,712	5,929	5,929	-
Total health and welfare	547,462	528,861	528,629	232
Culture and recreation:				
Recreation	573,239	636,111	636,111	-
Library	294,395	291,934	291,934	-
Total culture and recreation	867,634	928,045	928,045	-
Housing and development:				
Soil conservation	45,484	55,847	55,694	153
Extension service	117,741	207,316	207,316	-
Georgia forestry commission	18,952	18,627	18,627	-
Planning and zoning	4,905	8,955	8,851	104
Economic development	8,100	4,050	4,050	-
Family connection	106,083	76,156	76,156	-
Total housing and development	301,265	370,951	370,694	257
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	20,628,581	21,053,093	21,020,221	32,872
Excess of revenues over expenditures	2,432,827	2,079,403	873,092	(1,206,311)
Other financing sources (uses):				
Transfers out	(2,404,153)	(2,075,877)	(1,930,854)	145,023
Proceeds from sale of assets	-	-	803	803
Total other financing sources (uses)	(2,404,153)	(2,075,877)	(1,930,051)	145,826
Net change in fund balance	28,674	3,526	(1,056,959)	(1,060,485)
Fund balance, beginning of year	7,514,989	7,514,989	7,514,989	-
Fund balance, end of year	$ 7,543,663	$ 7,518,515	$ 6,458,030	$ (1,060,485)

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

MONROE COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

ASSETS	Water Fund	Landfill	Nonmajor Enterprise Funds	Totals
CURRENT ASSETS				
Cash	$ 86,532	$ 137,405	$ 7,611	$ 231,548
Investments	150,453	-	-	150,453
Accounts receivable, net of allowances	100,114	96	-	100,210
Inventory	114,551	-	-	114,551
Due from other funds	-	-	404	404
Restricted assets:				
Cash	114,813	-	-	114,813
Total current assets	566,463	137,501	8,015	711,979
NONCURRENT ASSETS				
Capital assets:				
Non-depreciable	748,618	195,766	23,037	967,421
Depreciable, net of accumulated depreciation	35,189,855	1,655,992	904,738	37,750,585
Total capital assets	35,938,473	1,851,758	927,775	38,718,006
Total noncurrent assets	35,938,473	1,851,758	927,775	38,718,006
Total assets	36,504,936	1,989,259	935,790	39,429,985
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	33,403	90,673	23,868	147,944
Total deferred outflows of resources	33,403	90,673	23,868	147,944
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	156,996	107,127	936	265,059
Accrued liabilities	5,205	27,817	9,313	42,335
Notes payable due in more than one year	45,646	-	-	45,646
Compensated absences payable, current	5,295	44,236	11,431	60,962
Due to other funds	311,011	297,203	43,203	651,417
Customer deposits payable	108,500	-	-	108,500
Total current liabilities	632,653	476,383	64,883	1,173,919
LONG-TERM LIABILITIES				
Compensated absences	764	19,020	4,161	23,945
Accrued closure/post-closure costs	-	1,192,998	-	1,192,998
Net pension liability	82,238	223,240	58,763	364,241
Notes payable, net of current portion	1,171,214	-	-	1,171,214
Total long-term liabilities	1,254,216	1,435,258	62,924	2,752,398
Total liabilities	1,886,869	1,911,641	127,807	3,926,317
NET POSITION				
Investment in capital assets	35,938,473	1,851,758	927,775	38,718,006
Unrestricted	(1,287,003)	(1,683,467)	(95,924)	(3,066,394)
Total net position	$ 34,651,470	$ 168,291	$ 831,851	$ 35,651,612

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, 2016

	Water Fund	Landfill	Nonmajor Enterprise Funds	Totals
Operating revenues:				
Charges for services:				
Water charges	$ 1,175,200	$ -	$ -	$ 1,175,200
Collection and disposal fees	-	331,027	-	331,027
Building licenses and permits	-	-	116,889	116,889
Rent	-	-	110,154	110,154
Service charges	81,854	-	-	81,854
Miscellaneous	132,104	4,763	-	136,867
Total operating revenues	1,389,158	335,790	227,043	1,951,991
Operating expenses:				
Personal services	204,987	999,838	286,820	1,491,645
Purchased/contracted services	115,806	290,064	14,667	420,537
Supplies and materials	75,389	106,065	28,181	209,635
Utilities and purchased water	1,086,052	-	22,446	1,108,498
Depreciation	700,802	265,913	18,849	985,564
Total operating expenses	2,183,036	1,661,880	370,963	4,215,879
Operating loss	(793,878)	(1,326,090)	(143,920)	(2,263,888)
Nonoperating revenues (expenses):				
Insurance premium tax	-	1,253,296	-	1,253,296
Investment income	679	91	3	773
Interest expense	(29,403)	-	-	(29,403)
Total nonoperating revenues	(28,724)	1,253,387	3	1,224,666
Loss before transfers and contributions	(822,602)	(72,703)	(143,917)	(1,039,222)
Transfers in	-	-	80,000	80,000
Capital contributions	120,820	-	-	120,820
Change in net position	(701,782)	(72,703)	(63,917)	(838,402)
Net position, beginning of year	35,353,252	240,994	895,768	36,490,014
Net position, end of year	$ 34,651,470	$ 168,291	$ 831,851	$ 35,651,612

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, 2016

	Water Fund	Landfill	Nonmajor Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 1,537,065	$ 336,896	$ 227,042	$ 2,101,003
Payments to suppliers and service providers	(1,354,976)	(6,221)	(34,545)	(1,395,742)
Payments to employees	(202,645)	(999,733)	(277,572)	(1,479,950)
Receipts from interfund services provided	-	-	(404)	(404)
Payments for interfund services received	145,630	-	-	145,630
Net cash provided by (used in) operating activities	125,074	(669,058)	(85,479)	(629,463)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Insurance premium taxes	-	1,253,296	-	1,253,296
Transfers in	-	-	80,000	80,000
Net cash provided by noncapital financing activities	-	1,253,296	80,000	1,333,296
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of property and equipment	(425,290)	(613,396)	-	(1,038,686)
Interest paid	(29,403)	-	-	(29,403)
Net cash used in capital and related financing activities	(454,693)	(613,396)	-	(1,068,089)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	(679)	-	-	(679)
Proceeds from issuance of note payable	288,794	-	-	288,794
Interest on investments	679	91	3	773
Net cash provided by investing activities	288,794	91	3	288,888
Net (decrease) in cash and cash equivalents	(40,825)	(29,067)	(5,476)	(75,368)
Cash and cash equivalents:				
Beginning of year	242,170	166,472	13,087	421,729
End of year	$ 201,345	$ 137,405	$ 7,611	$ 346,361
Classified as:				
Cash and cash equivalents	$ 86,532	$ 137,405	$ 7,611	$ 231,548
Restricted assets, cash and cash equivalents	114,813	-	-	114,813
	$ 201,345	$ 137,405	$ 7,611	$ 346,361

(Continued)

MONROE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	Water Fund	Landfill	Nonmajor Enterprise Funds	Totals
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	$ (793,878)	$ (1,326,090)	$ (143,920)	$ (2,263,888)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	700,802	265,913	18,848	985,563
(Increase) decrease in:				
Accounts receivable	145,182	1,106	-	146,288
Inventory	(17,403)	-	-	(17,403)
Due from other funds	-	-	(404)	(404)
Due from other governments	-	-	(22,205)	(22,205)
Deferred outflows of resources - pension	(31,091)	(83,724)	-	(114,815)
Increase (decrease) in:				
Accounts payable	(60,326)	97,276	(3,581)	33,369
Accrued liabilities	(1,224)	4,627	3,677	7,080
Compensated absences	1,906	4,724	4,621	11,251
Due to other funds	145,630	235,645	34,330	415,605
Accrued closure/post-closure costs	-	56,987	-	56,987
Customer deposits payable	2,725	-	-	2,725
Net pension liability	32,751	74,478	23,155	130,384
Net cash provided by (used in) operating activities	$ 125,074	$ (669,058)	$ (85,479)	$ (629,463)
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Capital assets purchased by other funds	$ 120,820	$ -	$ -	$ 120,820
Total noncash investing, capital and financing activities	$ 120,820	$ -	$ -	$ 120,820

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

MONROE COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016

	Private Purpose Trust Fund Veterans' Memorial	Agency Funds
ASSETS		
Cash	$ 4,713	$ 1,376,726
Taxes receivable	-	20,147,045
Due from others	-	929
Total assets	$ 4,713	$ 21,524,700
LIABILITIES		
Due to others	$ -	$ 1,377,655
Uncollected taxes	-	20,147,045
Total liabilities	-	$ 21,524,700
NET POSITION		
Restricted for veterans' memorial	$ 4,713	

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, 2016

	Private Purpose Trust Fund Veterans' Memorial
ADDITIONS	
Contributions	$ 1,100
Interest income	5
Total additions	1,105
DEDUCTIONS	
Veterans' memorial	3,269
Total deductions	3,269
Change in net position	(2,164)
Net position, beginning of the year	6,877
Net position, end of the year	$ 4,713

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

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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.

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The County reports the following major governmental funds:

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

The ***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 one percent 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 one percent 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash, Cash Equivalents, and Investments (Continued)

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016 with the exception of the pension items discussed below.

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 also has deferred inflows and 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 or losses 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 or losses are recorded as deferred outflows of resources or deferred inflows 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 or deferred inflows 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations (Continued)

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

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Combination of Funds

Effective January 1, 2016, management consolidated (9) nonmajor capital project funds with the 2008 SPLOST fund which was presented as a major fund in the prior year. The County set up individual capital project funds by project type when the 2008 SPLOST was passed. Many of these funds have little to no activity this year as many of the projects have been completed, and the rest are coming to an end. The combination of these funds and the effect on beginning fund balance is as follows:

NonMajor Capital Project Funds		Fund balances (deficit) as of January 1, 2016
Roads SPLOST Fund	$	1,982,627
Fire SPLOST Fund		(16,485)
Recreation SPLOST Fund		2,881
Public Safety Facilities SPLOST Fund		(4,109)
Patrol Vehicles SPLOST Fund		(140,820)
Emergency Services SPLOST Fund		88,941
Water Capital SPLOST Fund		540,662
Administration Building SPLOST Fund		30,413
Hospital SPLOST Fund		643,880
Fund balance, as previously reported, for nonmajor capital project funds	$	**3,127,990**
Fund balance as of January 1, 2016 for:		
Nonmajor Capital Project Funds	$	3,127,990
2008 SPLOST Fund		1,527,206
Total beginning fund balance for the the combined 2008 SPLOST Fund as presented on the Statement of Revenues, Expenditures and Changes in Fund Balance	$	**4,655,196**

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	$	(389,440)
Compensated absences		(547,821)
Bonds payable		(21,801,028)
Accrued interest payable		(60,429)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(22,798,718)

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	$	2,329,764
Depreciation expense		(2,887,187)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(557,423)

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

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

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

Bond principal repayments	$	4,215,000
Proceeds from capital leases		(389,440)
Amortization of premium		344,091
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	4,169,651

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	$	22,114
Accrued interest		4,697
Net pension liability and related deferred outflow/inflow of resources		(102,448)
Net OPEB obligation		(187,270)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(262,907)

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, 2016, the following funds had deficit fund balance or net position:

	Fund Deficit
Capital Projects Funds:	
2014 SPLOST Fund	$ 1,645,042
Proprietary Funds:	
Building Inspection Fund	46,125

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2016, are summarized as follows:

Balances per statement of net position:		
Cash and cash equivalents - Primary Government	$	3,460,801
Cash and cash equivalents - Development Authority		3,014,838
Cash and cash equivalents - Health Department		233,903
Investments - Primary Government		224,868
Investments - Health Department		100,671
Restricted assets:		
Primary Government - cash		7,302,967
Balances per statement of fiduciary net position:		
Cash - Agency funds		1,376,726
Cash - Private purpose trust funds		4,713
	$	15,719,487
Balances by type:		
Cash deposited with financial institutions	$	15,494,619
Certificates of deposit		74,415
Georgia Fund 1		150,453
	$	15,719,487

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, 2016, 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, 2016, 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	$	74,415
Georgia Fund 1	36 day weighted-average		150,453
		$	224,868

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments of the component units include an investment in Georgia Fund 1 in the amount of $100,671 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, 2016:

Investment Type	Fair Value
Investments not subject to level disclosure:	
Certificates of deposit	$ 74,415
Georgia Fund 1	150,453
Total investments	$ 224,868

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, 2016, 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).

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, 2016, consist of the following:

	General Fund	Public Facilities Authority	2014 SPLOST Fund	Water Fund	Landfill Fund	Nonmajor Governmental Funds	Total
Receivables:							
Taxes	$ 8,261,670	$ -	$ -	$ -	$ -	$ -	$ 8,261,670
Accounts	1,869,608	-	-	241,114	23,061	70,737	2,204,520
Interest	-	-	-	-	-	73	73
Due from other governments	269,972	1,279,673	435,915	-	-	3,620	1,989,180
Gross receivables	10,401,250	1,279,673	435,915	241,114	23,061	74,430	12,455,443
Less allowance	(1,436,309)	-	-	(141,000)	(22,965)	-	(1,600,274)
Net receivables	$ 8,964,941	$ 1,279,673	$ 435,915	$ 100,114	$ 96	$ 74,430	$ 10,855,169

Property taxes were levied on September 29, 2016. Bills are payable on or before December 20, 2016, 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 2016 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2016 and collected by February 28, 2017 are recognized as revenues in the year ended December 31, 2016. Net receivables estimated to be collected subsequent to February 28, 2017 are deferred as of December 31, 2016 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, 2016.

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the fiscal year ended December 31, 2016, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 614,976	$ 524,112	$ -	$ -	$ 1,139,088
Construction in progress	2,556,491	574,693	-	(120,820)	3,010,364
Total	3,171,467	1,098,805	-	(120,820)	4,149,452
Capital assets, being depreciated:					
Buildings	16,378,524	-	-	-	16,378,524
Building improvements	1,534,687	-	-	-	1,534,687
Land improvements	2,388,673	-	-	-	2,388,673
Infrastructure	100,874,644	-	-	-	100,874,644
Intangibles	92,012	-	-	-	92,012
Machinery & equipment	13,147,780	1,351,779	(789,353)	-	13,710,206
Total	134,416,320	1,351,779	(789,353)	-	134,978,746
Less accumulated depreciation for:					
Buildings	4,041,357	306,796	-	-	4,348,153
Building improvements	183,280	37,806	-	-	221,086
Land improvements	1,848,081	29,011	-	-	1,877,092
Infrastructure	47,501,238	2,020,675	-	-	49,521,913
Intangibles	43,924	9,201	-	-	53,125
Machinery & equipment	10,841,553	483,698	(789,353)	-	10,535,898
Total	64,459,433	2,887,187	(789,353)	-	66,557,267
Total capital assets, being depreciated, net	69,956,887	(1,535,408)	-	-	68,421,479
Governmental activities capital assets, net	$ 73,128,354	$ (436,603)	$ -	$ (120,820)	$ 72,570,931

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 362,734	$ -	$ -	$ -	$ 362,734
Construction in progress	5,379,511	1,002,700	-	(5,777,524)	604,687
Total	5,742,245	1,002,700	-	(5,777,524)	967,421
Capital assets, being depreciated:					
Land (landfill)	3,882,519	-	-	613,921	4,496,440
Buildings	1,714,082	-	-	62,809	1,776,891
Improvements	1,121,479	-	-	-	1,121,479
Infrastructure	36,559,155	-	-	5,221,614	41,780,769
Machinery & equipment	3,271,792	35,987	-	-	3,307,779
Total	46,549,027	35,987	-	5,898,344	52,483,358
Less accumulated depreciation for:					
Land (landfill)	3,737,084	91,683	-	-	3,828,767
Buildings	148,783	37,915	-	-	186,698
Improvements	814,676	42,092	-	-	856,768
Infrastructure	7,021,696	663,209	-	-	7,684,905
Machinery & equipment	2,024,970	150,665	-	-	2,175,635
Total	13,747,209	985,564	-	-	14,732,773
Total capital assets, being depreciated, net	32,801,818	(949,577)	-	5,898,344	37,750,585
Business-type activities capital assets, net	$ 38,544,063	$ 53,123	$ -	$ 120,820	$ 38,718,006

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	$ 123,265
Judicial	8,100
Public safety	494,547
Public works	2,168,680
Health and welfare	12,694
Culture and recreation	79,901
Total depreciation expense - governmental activities	$ 2,887,187
Business-type activities:	
Water Fund	$ 700,802
Landfill	265,913
Conference Center	18,849
Total depreciation expense - business-type activities	$ 985,564

B. Discretely Presented Component Unit – Development Authority

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	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 1,923,949	$ -	$ -	$ -	$ 1,923,949
Construction in progress	10,145	179,668	-	-	189,813
Total	1,934,094	179,668	-	-	2,113,762
Capital assets, being depreciated:					
Improvements	398,913	-	-	-	398,913
Total	398,913	-	-	-	398,913
Less accumulated depreciation for:					
Improvements	60,364	19,946	-	-	80,310
Total	60,364	19,946	-	-	80,310
Total capital assets, being depreciated, net	338,549	(19,946)	-	-	318,603
Development Authority capital assets, net	$ 2,272,643	$ 159,722	$ -	$ -	$ 2,432,365

NOTE 7. SHORT-TERM DEBT

On September 6, 2016, the Board of Commissioners approved a resolution authorizing a tax anticipation note for the borrowing of $2,500,000 at an interest rate of 0.985%. This note was repaid in December 2016.

	Beginning Balance	Additions	Reductions	Ending Balance
Tax Anticipation Note	$ -	$ 2,500,000	$ (2,500,000)	$ -

NOTE 8. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the primary government for the year ended December 31, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 25,260,000	$ -	$ (4,215,000)	$ 21,045,000	$ 4,345,000
Plus unamortized premium	1,100,119	-	(344,091)	756,028	-
General obligation bonds, net	26,360,119	-	(4,559,091)	21,801,028	4,345,000
Capital leases	-	389,440	-	389,440	82,860
Compensated absences	569,935	299,631	(321,745)	547,821	319,334
Net pension liability	2,783,642	3,040,980	(1,183,492)	4,641,130	-
Net OPEB obligation	1,217,948	187,271	-	1,405,219	-
Governmental activities Long-term liabilities	$ 30,931,644	$ 3,917,322	$ (6,064,328)	$ 28,784,638	$ 4,747,194
Business-type activities:					
Notes payable	$ 928,066	$ 420,898	$ (132,104)	$ 1,216,860	$ 45,646
Landfill closure and postclosure costs	1,136,011	56,987	-	1,192,998	-
Compensated absences	74,859	41,331	(31,283)	84,907	57,246
Net pension liability	233,857	238,766	(108,382)	364,241	-
Business-type activities Long-term liabilities	$ 2,372,793	$ 757,982	$ (271,769)	$ 2,859,006	$ 102,892

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.

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, 2016 was $920,000.

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, 2016 was $7,870,000.

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, 2016 was $9,335,000.

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, 2016 was $2,565,000.

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 outstanding balance of the 2014 Series B taxable revenue bonds as of December 31, 2016 was $355,000.

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 one percent 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.

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

General obligation bonds debt service requirements to maturity are as follows at December 31, 2016:

Year ending December 31,	Principal	Interest	Total
2017	$ 4,345,000	$ 654,075	$ 4,999,075
2018	4,505,000	515,700	5,020,700
2019	4,660,000	367,290	5,027,290
2020	960,000	213,065	1,173,065
2021	750,000	188,115	938,115
2022-2026	4,040,000	607,914	4,647,914
2027-2028	1,785,000	71,286	1,856,286
	$ 21,045,000	$ 2,617,445	$ 23,662,445

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 inceptions.

The cost of assets under capital leases as of December 31, 2016:

	Governmental Activities
Equipment	$ 389,440
Less accumulated depreciation	-
Carrying value	$ 389,440

There was no current year depreciation expense of assets under capital lease as the assets were placed into service at the end of the current year.

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,		
2017	$	86,449
2018		82,853
2019		82,853
2020		82,853
2021		82,853
Total minimum lease payments		417,861
Less amount representing interest		(28,421)
Present value of future minimum lease payments	$	389,440

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, 2016 is $1,216,860.

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

Year ending December 31,	Principal	Interest	Total
2017	$ 45,646	$ 24,333	$ 69,979
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
2022-2026	286,838	83,553	370,391
2027-2031	317,454	52,938	370,392
2032-2036	351,337	19,054	370,391
2037	6,164	10	6,174
	$ 1,216,860	$ 266,781	$ 1,483,641

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 $1,192,998 at December 31, 2016, 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 $3,460,062 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.

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, 2016 for conduit debt are summarized below. The ending outstanding principal balances as of December 31, 2016 were not available.

For the Benefit of	Issuance Date		Original Principal
Oglethorpe Power Corporation	November 22, 2005	$	8,465,000
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
		$	620,330,000

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2016, is as follows:

Due to/from other funds:

	Receivable Funds						
Payable Funds	General Fund	Public Facilities Auth. Fund	2008 SPLOST Fund	2014 SPLOST Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
General Fund	$ -	$ -	$ 93,892	$ -	$ 166,408	$ 404	$ 260,704
Public Facilities Authority Fund	58,043	-	2,132,033	43,205	-	-	2,233,281
2008 SPLOST Fund	386,582	-	-	182,129	-	-	568,711
2014 SPLOST Fund	315,330	-	2,379,765	-	-	-	2,695,095
Water Fund	266,443	-	30,000	14,568	-	-	311,011
Landfill Fund	297,203	-	-	-	-	-	297,203
Nonmajor Governmental Funds	83,912	-	-	-	-	-	83,912
Nonmajor Enterprise Fund	43,203	-	-	-	-	-	43,203
Total	$ 1,450,716	$ -	$ 4,635,690	$ 239,902	$ 166,408	$ 404	$ 6,493,120

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 Out			
Transfers In	General Fund	Public Facilities Auth. Fund	2014 SPLOST Fund	Total
Public Facilities Authority	$ 1,001,745	$ -	$ 3,256,526	$ 4,258,271
2014 SPLOST Fund	-	1,369,344	-	1,369,344
Nonmajor Governmental Funds	849,109	-	-	849,109
Nonmajor Enterprise Funds	80,000	-	-	80,000
Total	$ 1,930,854	$ 1,369,344	$ 3,256,526	$ 6,556,724

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, 2016, the County paid $24,361 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.

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Primary Government (Continued)

Plan Membership

As of January 1, 2015, pension plan membership consisted of the following:

Retirees, Beneficiaries and Disables receiving benefits	78
Terminated plan participants entitled to but not receiving benefits	109
Active employees participating in the Plan	182
Total number of Plan Participants	369

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, 2016, the County's contribution rate was 14.94% of annual payroll. County contributions to the Plan were $1,122,951 for the year ended December 31, 2016.

Net Pension Liability of the County

The County’s net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2015.

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, 2015 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, 2015 valuation were based on the results of an actuarial experience study through December 31, 2014.

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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, 2015, are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return*
Fixed income	30%	6.78%
Large Cap equity	30%	9.77%
International equity	15%	7.48%
Other equity	20%	9.23%
Real estate	5%	10.63%
	100%	

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

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, 2016, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	$ 23,229,260	$ 20,211,761	$ 3,017,499
Changes for the year:			
Service cost	357,191	-	357,191
Interest	1,742,195	-	1,742,195
Differences between expected and actual experience	165,198	-	165,198
Assumption changes	779,231	-	779,231
Contributions - employer	-	1,122,951	(1,122,951)
Net investment income	-	132,823	(132,823)
Benefit payments, including refunds of employee contributions	(998,766)	(962,666)	(36,100)
Administrative expenses	-	(39,509)	39,509
Other changes	-	(196,422)	196,422
Net changes	2,045,049	57,177	1,987,872
Balances at December 31, 2016	$ 25,274,309	$ 20,268,938	$ 5,005,371

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.

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 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
County's net pension liability	$ 8,294,336	$ 5,005,371	$ 2,267,795

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, 2015 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, 2016, the County recognized pension expense of $1,218,764. At December 31, 2016, 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	$ 1,285,346
Differences between expected and actual experience	130,782
Other changes in assumptions	616,892
Total	$ 2,033,020

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:		
2017	$	491,662
2018		491,662
2019		491,662
2020		452,311
2021		105,723
Total	$	2,033,020

B. Health Department – Component Unit

Plan Description

The Employees' Retirement System of Georgia (ERS), is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov.formspubs/formspubs.

Benefits Provided

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

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Health Department – Component Unit (Continued)

Under the Old Plan, the New Plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, post-retirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions and Vesting

Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The Health Department's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2016 was 24.72% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. The Health Department's contributions to ERS totaled $138,631 for the year ended June 30, 2016. Contributions are expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Members become vested after ten years of membership service.

Upon termination of employment, member contributions with accumulated interest are refundable upon request by member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Health Department – Component Unit (Continued)

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

At June 30, 2016, the Monroe County Board of Health reported a liability of $296,279 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2015 was determined using standard roll-forward techniques. The Board of Health's proportion of the net pension liability was based on its share of contributions to ERS during the fiscal year ended June 30, 2015. At June 30, 2015, the Board of Health's proportion was .007313%, which was a decrease of .00201% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Board of Health recognized pension expense of $48,357. At June 30, 2016, the Board of health reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,367
Net difference between projected and actual earnings on pension plan investments	-	21,377
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	41,697
Employer contributions subsequent to the measurement date	52,885	-
Total	$ 52,885	$ 65,441

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Health Department – Component Unit (Continued)

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

The $52,885 of deferred outflows of resources resulting from the Board of Health's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30:		
2017	$	(50,927)
2018		(12,193)
2019		(9,528)
2020		7,207
Total	$	(65,441)

Actuarial Assumptions

The total pension liability as of June 30, 2015 was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	5.45 - 9.25 percent, including inflation
Investment Rate of Return	7.5 percent, including inflation

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Health Department – Component Unit (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 - June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.00%
Domestic Large Stocks	39.70%	6.50%
Domestic Mid Stocks	3.70%	10.00%
Domestic Small Stocks	1.60%	13.00%
International Developed Market Stocks	18.90%	6.50%
International Emerging Market Stocks	6.10%	11.00%
	100.00%	

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

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Health Department – Component Unit (Continued)

Sensitivity of the Board of Health's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Board of Health's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Board of Health's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or higher than the current rate:

	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
Board's net pension liability	$ 419,986	$ 296,279	$ 190,814

Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report which is publically available at www.ers.ga.gov.formspubs/formspubs.

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, 2016. 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, 2016. The plan does not issue a separate, stand-alone report and is not included in the report of another entity.

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

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 2016, the net cost of premiums for providing post-retirement benefits for retirees was $82,305.

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
	233

Contributions

The County contributed $82,305 to the OPEB Health Care Plan in fiscal year 2016. 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.

	January 1, 2016
Derivation of Annual OPEB Cost	
Annual Required Contribution	$ 267,639
Interest on Net OPEB Obligation	43,317
Amortization of Net OPEB Obligation	(41,381)
Annual OPEB Cost	$ 269,575
Derivation of Net OPEB Obligation	
Net OPEB Obligation as of Beginning of Year	$ 1,217,949
Annual OPEB Cost for Year	269,575
Actual Contributions to Plan for Current Year	(82,305)
Increase in Net OPEB Obligation	187,270
Net OPEB Obligation as of End of the Year	$ 1,405,219

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

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
1/1/16	$ 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

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%

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

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.

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.

NOTE 13. RISK MANAGEMENT (CONTINUED)

All funds participate in the program and make payments to the General Fund. The claims liability at December 31, 2016 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.

Required disclosure representing the changes in the balances of claims liabilities during the years ended December 31, 2016 and 2015, respectively, are as follows:
`

	December 31,	
	2016	2015
Unpaid claims, beginning of fiscal year	$ 285,102	$ 280,159
Incurred claims	3,946,202	2,354,879
Claims Paid	(4,032,627)	(2,349,936)
Unpaid claims, end of fiscal year	$ 198,677	$ 285,102

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, 2016, the County has contractual commitments on uncompleted construction contracts of approximately $174,000.

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.

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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	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability 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.

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

	2016	2015
Total pension liability		
Service cost	$ 357,191	$ 377,611
Interest on total pension liability	1,742,195	1,651,403
Differences between expected and actual experience	165,198	-
Changes of assumptions	779,231	-
Benefit payments, including refunds of employee contributions	(998,766)	(818,466)
Net change in total pension liability	2,045,049	1,210,548
Total pension liability - beginning	23,229,260	22,018,712
Total pension liability - ending (a)	$ 25,274,309	$ 23,229,260
Plan fiduciary net position		
Contributions - employer	$ 1,122,951	$ 1,147,758
Net investment income	132,823	1,330,402
Benefit payments, including refunds of employee contributions	(962,666)	(788,883)
Administrative expenses	(39,509)	(37,988)
Other	(196,422)	(201,212)
Net change in fiduciary net position	57,177	1,450,077
Plan fiduciary net position - beginning	20,211,761	18,761,684
Plan fiduciary net position - ending (b)	$ 20,268,938	$ 20,211,761
County's net pension liability - ending (a) - (b)	$ 5,005,371	$ 3,017,499
Plan fiduciary net position as a percentage of total pension liability	80.20 %	87.01 %
Covered-employee payroll	$ 7,516,338	$ 7,552,981
County's net pension liability as a percentage of covered -employee payroll	66.59 %	39.95 %

Notes to the Schedule

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

SCHEDULE OF COUNTY CONTRIBUTIONS

	2016	2015	2014
Actuarially determined contribution	$ 1,122,951	$ 1,147,758	$ 1,399,777
Contributions in relation to the actuarially determined contribution	1,122,951	1,147,758	1,399,777
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 7,516,338	$ 7,552,981	$ 7,262,744
Contributions as a percentage of Covered-employee payroll	14.94%	15.20%	19.27%

Notes to the Schedule

Valuation Date	January 1, 2015
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 3.0% inflation)
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

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

HEALTH DEPARTMENT
SCHEDULE OF EMPLOYER'S NET PENSION LIABILITY
AS OF JUNE 30, 2016

	2016	2015
Proportion of the net pension liability	0.007313 %	0.007514 %
Proportionate share of the net pension liability	$ 296,279	$ 281,821
Covered-employee payroll	$ 182,226	$ 198,440
Proportionate share of the net pension liability as a percentage of covered-employee payroll	162.59 %	142.02 %
Plan fiduciary net position as a percentage of the total pension liability	76.20 %	77.99 %

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

HEALTH DEPARTMENT
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
AS OF JUNE 30, 2016

	2016	2015
Contractually required contribution	$ 52,885	$ 37,389
Contributions made in relation to the contractually required contribution	(52,885)	(37,389)
Contribution deficit (excess)	$ -	$ -
Covered-employee payroll	$ 225,311	$ 182,226
Contributions made as a percentage of covered-employee payroll	23.47 %	20.52 %

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – HEALTH DEPARTMENT

Changes of assumptions – There were no changes in assumptions or benefits that affect the measurement of the total pension liability since the prior measurement date.

Method and assumptions used in calculations of actuarially determined contributions - The actuarially determined contribution rates in the schedule of employer's contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended June 30, 2016, reported in that schedule:

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar, closed
Remaining Amortizatin Period	25 Years
Asset Valuation Method	5-year smoothed market
Inflation	3%
Salary Increases	5.45% - 9.25%
Investment Rate of Return	7.5% net of pension plan investment expense, including inflation

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

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, 2016

	Library	Forfeited Funds	Law Library	Jail Fines	Drug Education
ASSETS					
Cash	$ 32,347	$ 21,512	$ 7,341	$ 89,951	$ 31,129
Investments	57,140	-	17,085	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	65	-	8	-	-
Due from other governments	-	-	-	2,365	-
Due from other funds	-	3,343	-	-	-
Prepaid items	-	-	-	-	-
Total assets	$ 89,552	$ 24,855	$ 24,434	$ 92,316	$ 31,129
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ 5,743	$ -
Accrued liabilities	-	-	-	-	1,472
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	4,567	4,305
Total liabilities	-	-	-	10,310	5,777
FUND BALANCES					
Restricted for:					
Judicial	-	-	24,434	-	-
Public safety	-	24,855	-	82,006	25,352
Capital projects	-	-	-	-	-
Assigned for:					
Culture and recreation	89,552	-	-	-	-
Total fund balances	89,552	24,855	24,434	82,006	25,352
Total liabilities and fund balances	$ 89,552	$ 24,855	$ 24,434	$ 92,316	$ 31,129

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
	$ 15,651	$ 264,481	$ 33	$ 1,000	$ 422	$ 15,438	$ 2,507	$ 3,130	$ 484,942
	-	-	-	-	-	-	-	-	74,225
	70,737	-	-	-	-	-	-	-	70,737
	-	-	-	-	-	-	-	-	73
	-	1,255	-	-	-	-	-	-	3,620
	158,085	-	4,980	-	-	-	-	-	166,408
	-	-	-	-	-	-	-	-	-
	$ 244,473	$ 265,736	$ 5,013	$ 1,000	$ 422	$ 15,438	$ 2,507	$ 3,130	$ 800,005
	$ 110,693	$ 4,355	$ -	$ -	$ -	$ -	$ -	$ -	$ 120,791
	19,338	5,303	-	-	-	-	-	-	26,113
	-	1,704	-	-	-	-	-	-	1,704
	-	70,885	-	-	104	4,051	-	-	83,912
	130,031	82,247	-	-	104	4,051	-	-	232,520
	-	183,489	-	-	-	-	-	3,130	211,053
	114,442	-	5,013	-	318	11,387	2,507	-	265,880
	-	-	-	1,000	-	-	-	-	1,000
	-	-	-	-	-	-	-	-	89,552
	114,442	183,489	5,013	1,000	318	11,387	2,507	3,130	567,485
	$ 244,473	$ 265,736	$ 5,013	$ 1,000	$ 422	$ 15,438	$ 2,507	$ 3,130	$ 800,005

MONROE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	Library	Forfeited Funds	Law Library	Jail Fines	Drug Education
Revenues:					
Intergovernmental	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	5,474	7,731	18,849	141,898	57,244
Charges for services	7,840	-	-	-	-
Interest income	526	2	25	6	3
Contributions	1,672	-	-	-	-
Miscellaneous	68	-	-	-	-
Total revenues	15,580	7,733	18,874	141,904	57,247
Expenditures:					
Current:					
Judicial	-	-	16,633	-	-
Public safety	-	2,905	-	68,712	43,660
Culture and recreation	8,515	-	-	-	-
Total expenditures	8,515	2,905	16,633	68,712	43,660
Excess (deficiency) of revenues over (under) expenditures	7,065	4,828	2,241	73,192	13,587
Other financing sources:					
Capital leases	-	-	-	-	-
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Net change in fund balances	7,065	4,828	2,241	73,192	13,587
Fund balances, beginning of year	82,487	20,027	22,193	8,814	11,765
Fund balances, end of year	$ 89,552	$ 24,855	$ 24,434	$ 82,006	$ 25,352

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
$ -	$ 56,633	$ -	$ -	$ -	$ -	$ -	$ -	$ 56,633
-	70,687	-	-	-	-	-	825	302,708
452,400	-	-	-	-	-	-	-	460,240
8	135	-	-	-	2	-	-	707
-	-	-	-	-	-	2,891	-	4,563
-	13,800	-	-	-	-	-	-	13,868
452,408	141,255	-	-	-	2	2,891	825	838,719
-	235,822	-	-	-	-	-	-	252,455
1,607,985	-	5,195	-	-	7,622	1,200	245	1,737,524
-	-	-	-	-	-	-	-	8,515
1,607,985	235,822	5,195	-	-	7,622	1,200	245	1,998,494
(1,155,577)	(94,567)	(5,195)	-	-	(7,620)	1,691	580	(1,159,775)
389,440	-	-	-	-	-	-	-	389,440
845,000	-	-	-	-	-	-	-	845,000
1,234,440	-	-	-	-	-	-	-	1,234,440
78,863	(94,567)	(5,195)	-	-	(7,620)	1,691	580	74,665
35,579	278,056	10,208	1,000	318	19,007	816	2,550	492,820
$ 114,442	$ 183,489	$ 5,013	$ 1,000	$ 318	$ 11,387	$ 2,507	$ 3,130	$ 567,485

MONROE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Project Description	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
Recreation Facilities and Equipment	$ 700,000	$ 647,477	$ -	$ 647,477
Administrative Facility and Equipment	3,500,000	3,474,794	-	3,474,794
Patrol Vehicles	700,000	693,905	41,309	735,214
Emergency Services Equipment	450,000	384,097	5,000	389,097
Public Safety Facility and Equipment	500,000	803,506	2,202	805,708
Roads, Streets, and Bridges	8,000,000	6,446,256	-	6,446,256
Construction of Water and Sewer Lines	5,354,000	4,846,119	-	4,846,119
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	$ 26,087,267	$ 48,511	$ 26,135,778

MONROE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2014 ISSUE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

		Expenditures		
Project Description	**Original Estimated Cost**	**Prior Years**	**Current Year**	**Total**
Roads, Streets, Bridges	$ 7,000,000	$ 4,706,210	$ 3,113,902	$ 7,820,112
Construction of Water and Sewer Lines	7,000,000	7,438,398	733,380	8,171,778
Patrol Vehicles	800,000	69,471	402,671	472,142
Emergency Services Equipment	1,500,000	-	-	-
Recreation Facilities and Equipment	2,500,000	193,877	-	193,877
Hospital Capital Improvements	1,000,000	1,606	-	1,606
Emergency 911 Radio System Upgrade	3,100,000	2,465,081	519,838	2,984,919
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	951,135	463,876	1,415,011
City of Forsyth	4,600,000	1,212,576	614,629	1,827,205
City of Culloden	550,000	144,604	73,297	217,901
Total	$ 30,650,000	$ 17,810,759	$ 5,921,593	$ 23,732,352

Reconciliation of SPLOST schedules to financial statements:

Total of all SPLOST schedules of expenditures	$ 5,970,104
Expenditures - 2014 SPLOST Fund	$ 2,665,067
Transfers out - 2014 SPLOST Fund	3,256,526
Expenditures - 2008 SPLOST Fund	48,511
	$ 5,970,104

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.

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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, 2016

ASSETS	Building Inspection	Conference Center	Totals
CURRENT ASSETS			
Cash	$ 3,115	$ 4,496	$ 7,611
Due from other funds	404	-	404
Total current assets	3,519	4,496	8,015
NONCURRENT ASSETS			
Capital assets:			
Non-depreciable	-	23,037	23,037
Depreciable, net of accumulated depreciation	-	904,738	904,738
Total capital assets	-	927,775	927,775
Total noncurrent assets	-	927,775	927,775
Total assets	3,519	932,271	935,790
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	23,868	-	23,868
Total deferred outflows of resources	23,868	-	23,868
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	70	866	936
Accrued liabilities	5,363	3,950	9,313
Compensated absences payable, current	5,155	6,276	11,431
Due to other funds	-	43,203	43,203
Total current liabilities	10,588	54,295	64,883
LONG-TERM LIABILITIES			
Compensated absences	4,161	-	4,161
Net pension liability	58,763	-	58,763
Total long-term liabilities	62,924	-	62,924
Total liabilities	73,512	54,295	127,807
NET POSITION (DEFICIT)			
Investment in capital assets	-	927,775	927,775
Unrestricted	(46,125)	(49,799)	(95,924)
Total net position (deficit)	$ (46,125)	$ 877,976	$ 831,851

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

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MONROE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	Building Inspection	Conference Center	Totals
Operating revenues:			
Charges for services:			
Building licenses and permits	$ 116,889	$ -	$ 116,889
Rent	-	110,154	110,154
Service charges	-	-	-
Total operating revenues	116,889	110,154	227,043
Operating expenses:			
Personal services	182,022	104,798	286,820
Purchased/contracted services	4,259	10,408	14,667
Supplies and materials	6,933	21,248	28,181
Utilities and purchased water	-	22,446	22,446
Depreciation	-	18,849	18,849
Total operating expenses	193,214	177,749	370,963
Operating loss	(76,325)	(67,595)	(143,920)
Nonoperating revenues:			
Investment income	3	-	3
Total nonoperating revenues	3	-	3
Loss before transfers	(76,322)	(67,595)	(143,917)
Transfers in	80,000	-	80,000
Change in net position	3,678	(67,595)	(63,917)
Net position (deficit), beginning of year	(49,803)	945,571	895,768
Net position (deficit), end of year	$ (46,125)	$ 877,976	$ 831,851

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, 2016

	Building Inspection	Conference Center	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 116,889	$ 110,153	$ 227,042
Payments to suppliers and service providers	(20,347)	(14,198)	(34,545)
Payments to employees	(181,949)	(95,623)	(277,572)
Receipts from interfund services provided	(404)	-	(404)
Net cash provided by (used in) operating activities	(85,811)	332	(85,479)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	80,000	-	80,000
Net cash provided by noncapital financing activities	80,000	-	80,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	3	-	3
Net cash provided by investing activities	3	-	3
Net increase (decrease) in cash and cash equivalents	(5,808)	332	(5,476)
Cash and cash equivalents:			
Beginning of year	8,923	4,164	13,087
End of year	$ 3,115	$ 4,496	$ 7,611
Classified as:			
Cash and cash equivalents	$ 3,115	$ 4,496	$ 7,611
	$ 3,115	$ 4,496	$ 7,611

(Continued)

MONROE COUNTY, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	Building Inspection	Conference Center	Totals
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	$ (76,325)	$ (67,595)	$ (143,920)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	-	18,848	18,848
(Increase) decrease in:			
Due from other funds	(404)	-	(404)
Deferred outflows of resources - pensions	(22,205)	-	(22,205)
Increase (decrease) in:			
Accounts payable	(282)	(3,299)	(3,581)
Accrued liabilities	778	2,899	3,677
Compensated absences	(1,655)	6,276	4,621
Due to other funds	(8,873)	43,203	34,330
Net pension liability	23,155	-	23,155
Net cash provided by (used in) operating activities	$ (85,811)	$ 332	$ (85,479)

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

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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, 2016

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Total
Cash	$ 873,641	$ 98,698	$ 83,063	$ 23,671	$ 297,653	$ 1,376,726
Taxes receivable	20,147,045	-	-	-	-	20,147,045
Due from others	-	-	-	-	929	929
Total assets	$ 21,020,686	$ 98,698	$ 83,063	$ 23,671	$ 298,582	$ 21,524,700
LIABILITIES						
Due to others	$ 873,641	$ 98,698	$ 83,063	$ 23,671	$ 298,582	$ 1,377,655
Uncollected taxes	20,147,045	-	-	-	-	20,147,045
Total liabilities	$ 21,020,686	$ 98,698	$ 83,063	$ 23,671	$ 298,582	$ 21,524,700

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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, 2016, 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 June 16, 2017. 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

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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 2016-001 through 2016-005 and 2016-007 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 2016-006 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 2016-006.

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.

Mauldin & Jenkins, LLC

Macon, Georgia
June 16, 2017

MONROE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	__X__ Yes ____ No
Significant deficiencies identified not considered to be material weaknesses?	__X__ Yes ____ No
Noncompliance material to financial statements noted?	____ Yes __X__ No

Federal Awards

A single audit was not performed for the year ended December 31, 2016 due to the County not expending $750,000 or more of federal funds.

SECTION II
FINANCIAL STATEMENT FINDINGS

2016-001 General Accounting Matters (Repeat Finding of Prior Year 2015-001)

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 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. 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 thirty (30) separate general ledgers ranging from the General Fund, special revenue funds, capital projects funds, enterprise funds and a private purpose trust fund.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-001 General Accounting Matters (Continued)

We consistently noted the lack of separation of duties relative to the preparation and review of certain reconciliations, 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 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.

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, 2016.

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; and,
- Support for numerous journal entries and disbursements selected during the audit was unable to be located for our review.

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.

SECTION II

FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-001 General Accounting Matters (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 ways tasks were being performed. We have had turn over 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.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-002 Management of Due To/From (Internal) Accounts
(Repeat Finding of Prior Year Finding 2015-003)

Criteria: Generally accepted accounting principles require consideration of the collectability of receivables of all kinds, whether external or internal to the County.

Condition: At December 31, 2016, the County has interfund due to/due from accounts recorded in funds that do not have the ability to repay the amounts due. Additionally, the County did not properly account for and use due to/due from accounts and transfers in conjunction with the operations of the County.

Context: We addressed this matter with County officials, who were able to determine the appropriate adjustments so as to properly state the balance of due to/due from and interfund transfer accounts at December 31, 2016.

Effect: The following due to/due from accounts are recorded at December 31, 2016 for which there is no immediate resources available to repay amounts owed:

- The 2014 SPLOST Fund owes $2.3 million to the 2008 SPLOST Fund and an additional $315,000 to the General Fund. This Fund currently has insufficient cash to repay amounts owed and is solely relying on future SPLOST revenues to repay these outstanding debts.
- The 2008 SPLOST Fund currently owes approximately $700,000 to various other funds of the County. The 2008 SPLOST has ended, and, currently, this fund has insufficient cash to pay the amounts owed. The 2008 SPLOST Fund will have to collect on its interfund receivables in order to pay the amounts due.

Also, the following adjustments were required for the year ending December 31, 2016:

- Entries to the General Fund resulting in an increase in fund balance and reclassifications of $169,669.
- Entries to the 2008 SPLOST Fund resulting in an increase in fund balance of $4,109 and reclassifications of $169,669.
- Entries to the Public Facilities Authority Fund resulting in a decrease in fund balance and reclassifications of $173,778.

Recommendation: We recommend that all interfund activity be properly recorded through the due to/due from and transfer accounts as appropriate, and all interfund accounts be reconciled on a monthly basis. Further, we recommend funds receivable and payable be satisfied as soon as possible.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

Views of Responsible Officials and Planned Corrective Action: We agree the County failed to properly manage the Due To/ Due From and Transfers (Internal) Accounts. We will properly record the due to/ due from and transfer activity appropriately. Also, we will balance the interfund accounts on a monthly basis.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-003 Journal Entries (Repeat Finding of Prior Year 2015-006)

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.

Context: We attempted to make an examination of journal entries and other adjustments in an effort to determine the risk of management's override of internal controls. We obtained a list of journal entries recorded by management during fiscal year 2016. Using software tools available to us, we randomly selected twenty-five (25) journal entries to determine if such entries had been properly reviewed, entered and documented. The documentation supporting three (3) journal entries in our sample were not provided to us during the course of our audit efforts.

Effect: Journal entries represent a form of management override for which errors or irregularities can occur if not properly reviewed, entered and documented in a timely manner. Untimely efforts of such attributes provide for the possible opportunity for errors or irregularities to occur and not be detected in a timely manner.

Recommendation: We recommend the County implement controls over the recording of journal entries to ensure all journal entries are properly prepared, recorded and approved in a timely manner.

Views of Responsible Officials and Planned Corrective Action: We agree there was a lack of documentation as to the appropriateness of certain journal entries as well as evidence of a proper and adequate review. We are working on keeping all journal entries in one central location. Also, we are working on cross training our employees so all entries can be reviewed and signed off on after proper review.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-004 Segregation of Duties – Cash Accounts and Other Operational Functions
(Repeat Finding of Prior Year 2015-008)

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 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. 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.
- Tax Commissioner's Office – one individual with the authority to prepare and sign checks also reconciles the bank statement.
- 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.

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.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-004 Segregation of Duties – Cash Accounts and Other Operational Functions (Continued)
(Repeat Finding of Prior Year 2015-008)

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.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-005 Water Billing Function (Repeat Finding of Prior Year 2015-009)

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. Additionally, the accounting function should maintain detail of each balance sheet account and reconcile them periodically throughout the year.

Condition: We noted that there were numerous errors captured with the radio meter reading equipment during 2016 resulting in large adjustments to customer accounts during the year. Additionally, we noted there were numerous billing errors that occurred in fiscal year 2016; for numerous billing cycles during 2016, many customers were billed for incorrect amounts and others received no bills at all. Two of the County's auditors live in the County, and both experienced errors in their bills during 2016.

Context: 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. Additionally, customer bills are not being reviewed prior to being mailed. Also, see above condition.

Effect: Customer account adjustments were made by personnel in the Water Department for incorrect meter readings and faulty equipment totaling over $800,000 for the year ending December 31, 2016. Total water charges billed were $1.175 million for the year, meaning over 60% of total bills that went out were incorrect.

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.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-005 Water Billing 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 a customer accounts receivable listing 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. Second, we recommend the County evaluate the staffing of the Water Department to ensure there are not future billing errors to the extent that we have noted this year. Third, we recommend the County evaluate staffing needs in order to implement a systems of 'checks and balances' within the Water Department to review and approve write-offs and adjustments to customer accounts. Lastly, we recommend the County seek out assistance and training for the software it uses to read, record and bill customer water usage to ensure this is properly captured and recorded to determine if it is functioning properly.

Views of Responsible Officials and Planned Corrective Action: We agree and are in the process of implementing controls to alleviate the above Water Billing finding. We have contracted with a private company to oversee the operations and billing function of the water department. Monthly reports are now being ran and reviewed to ensure meter reads are correct prior to bills being sent out to customers. Additionally, we now have two full-time personnel handling billing and collections.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-006 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, 2016 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 General Fund and Water Fund.

Effect: At December 31, 2016, the General Fund owed $93,892 to the 2008 SPLOST Fund, and the Water Fund owed the 2008 SPLOST Fund $30,000.

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.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

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 (4) four quarters of 2016. In the prior year, we noted via our Management Letter Recommendations for Improvement section that the 4th quarter's payroll taxes had not been filed on time. The effect of the penalties incurred, on the financial statements as a whole, was insignificant for the 2015 audit. In 2016, however, the problem worsened, and 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.

Context: See above condition

Effect: The County has paid over $150,000 in penalties for payroll tax returns not filed timely for 2016 alone.

Cause: Internal controls related to the filing of payroll tax returns and the remitting of payroll taxes were not sufficient to ensure timely filing. Additionally, the County implemented a new accounting software package during the year and experienced changes in Finance Department personnel during the year which overwhelmed the sole employee in this department.

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.

Regarding the penalties that have already been incurred, we would suggest contacting a local CPA firm and/or tax attorney to assist with trying to get these penalties abated. The penalties paid during 2016 were astronomical and could have been avoided. We recommend the County take all necessary steps to ensure this does not happen in the future.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-007 Payroll Tax Returns (Continued)

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.

SECTION III
FEDERAL AWARD FINDINGS AND RESPONSES

Not Applicable.

MONROE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

2015-001 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.

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 Herculean effort to close the County's 2015 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed December 31, 2015. 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 2016-001.

2015-002 Revenue Cycle Transactions

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Condition: The County did not appropriately record all transactions involving accounts receivable and revenue accounts during the year ended December 31, 2015.

Auditee Response/Status: Resolved. The County hired a consultant near the end of 2016 to assist with the closeout process in preparation of the audit. Unlike the previous year's audit, the 2016 audit was completed in a timely manner and far less audit adjustments were required to be made in order to correct the County's books and records. We further recommend obtaining the assistance of the consultant to improve the financial reporting of the County.

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

2015-003 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 2015, 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: Unresolved. This is included as current finding number 2016-002.

2015-004 Accounting for Accounts Payable and Expenditures

Criteria: Generally accepted accounting principles require reporting of all current liabilities when goods have been received or services have been performed, regardless of the timing of related cash flows.

Condition: The County did not appropriately record all transactions involving the payable and expenditures related to bond principal and interest payments and capital purchases or retainage payable.

Auditee Response/Status: Resolved. The County hired a consultant near the end of 2016 to assist with the closeout process in preparation of the audit. Unlike the previous year's audit, the 2016 audit was completed in a timely manner and far less audit adjustments were required to be made in order to correct the County's books and records. We further recommend obtaining the assistance of the consultant to improve the financial reporting of the County.

2015-005 Accounting for Grants and Recording of Long-Term Debt Transactions

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period. This includes revenue associated with grants awarded to the County.

Condition: The County did not properly record the receipt of grants and long-term debt awarded to the County from the Georgia Environmental Finance Authority (GEFA) for the year ended December 31, 2015.

2015-005 Accounting for Grants and Recording of Long-Term Debt Transactions (Continued)

Auditee Response/Status: Resolved. The County hired a consultant near the end of 2016 to assist with the closeout process in preparation of the audit. Unlike the previous year's audit, the 2016 audit was completed in a timely manner and far less audit adjustments were required to be made in order to correct the County's books and records. We further recommend obtaining the assistance of the consultant to improve the financial reporting of the County.

2015-006 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 2015. 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: Unresolved. This is included as current finding number 2016-003.

2015-007 Accounting for Cash Transactions and Reconciliation of Bank Accounts

Criteria: Internal controls should be in place to provide reasonable assurance that cash receipts and disbursements are recorded in the proper account.

Condition: We did not receive cash reconciliations (including the operating cash account of the General Fund) until June 27, 2016 (which was approximately six months after year-end).

Auditee Response/Status: Resolved. The County hired a consultant near the end of 2016 to assist with the closeout process in preparation of the audit. Unlike the previous year's audit, the 2016 audit, including bank reconciliations for all accounts, was completed in a timely manner and far less audit adjustments were required to be made in order to correct the County's books and records. We further recommend obtaining the assistance of the consultant to improve the financial reporting of the County.

MONROE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

2015-008 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 2016-004.

2015-009 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: Unresolved. This is included as current finding number 2016-005.

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

2015-010 Compliance with Collateral Requirements

Criteria: State law requires publicly held deposits to be insured and/or collateralized at 110% of the deposit balance.

Condition: There are not appropriate controls over cash accounts to ensure publicly held deposits are collateralized in accordance with state law, and a lack of monitoring compliance with state law.

Auditee Response/Status: Resolved. All confirmations were timely received, and all public deposits are properly collateralized.

2015-011 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 project 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, 2015 due to SPLOST funds for non-SPLOST related expenditures.

Auditee Response/Status: Unresolved. This is included as a component of current finding number 2016-006.

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