

MURRAY COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

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Murray County, Georgia
Annual Financial Report
For the Year Ended December 31, 2015

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Independent Auditor's Report

Honorable Commissioner
Murray County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Murray County, Georgia, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County'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 Murray County Health Department, which represents 99% of the assets, (102%) of the net position, and 99% of the revenues of the County's component units for the year ended December 31, 2015. 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 Murray 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 11 and 41 through 43, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Murray County, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards 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 fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2016, on our consideration of Murray County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 results of that testing, and not to provide an opinion on the 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 Murray County, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
August 4, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the annual financial report for Murray County (the County), the County's management is pleased to provide this narrative discussion and analysis of the financial activities of the County for the year ended December 31, 2015. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

2015 FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities by \$51,156,327 (total net position) as of December 31, 2015.
- Total net position is comprised of the following:
 - (1) Investment in capital assets of \$46,583,419 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$1,369,617 is restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$3,203,291 represent the portion available to maintain the County's continuing obligations to citizens and creditors.
- The County's governmental funds reported total ending fund balance of \$5,053,739 at December 31, 2015. This compares to the prior year restated ending fund balance of \$5,688,779, showing a decrease of \$635,040 during the current year. Unassigned fund balance of \$3,361,743 at December 31, 2015 shows a \$50,860 decrease from the prior year restated amount at December 31, 2014.
- At the end of the current calendar year, the unassigned fund balance for the General Fund was \$3,361,743, or 21.8% of total General Fund expenditures.
- The failing economy has played havoc with many of the County's 2015 revenue streams.
- Overall, the County continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The County also includes in this report additional information to supplement the basic financial statements. Comparative data is presented to allow comparison to the prior calendar year.

Government-wide Financial Statements

The County's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the County's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County as a whole is improving or deteriorating. Evaluation of the overall health of the County would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of County infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the County's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid.

An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Governmental activities include general government, judicial, public safety, public works, culture and recreation, health and welfare and housing and development.

The government-wide financial statements are presented on pages 12 & 13 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The County has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the County's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 14 to 18 of this report.

Individual fund information for nonmajor governmental funds is found in combining statements in a later section of this report.

Fiduciary funds (i.e., the agency funds) are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund County programs. Primarily the County's constitutional officers use these funds.

The basic fiduciary fund financial statement is presented on page 19 of this report.

Information regarding the County's component units are found on pages 20 and 21 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 22 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's defined benefit pension plan. Required supplementary information can be found beginning on page 41 of this report.

Supplementary Information

As discussed, the County reports major funds in the basic financial statements. Combining and individual statements and budgetary comparison schedules are presented in a supplementary information section of this report beginning on page 44.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County's net position at December 31, 2015 is \$51,156,327. The following table provides a summary of the County's net position:

Summary of Net Position

	Governmental Activities	
	As	
	2015	Restated 2014
Assets:		
Current assets	\$ 6,413,124	\$ 7,091,266
Noncurrent assets:		
Capital assets	46,583,419	48,624,353
Total assets	<u>52,996,543</u>	<u>55,715,619</u>
Deferred outflows	<u>399,089</u>	<u>364,000</u>
Liabilities:		
Current liabilities	1,216,579	1,026,195
Long-term liabilities	<u>1,022,726</u>	<u>864,356</u>
Total liabilities	<u>2,239,305</u>	<u>1,890,551</u>
Net position:		
Investment in capital assets	46,583,419	48,624,353
Restricted	1,369,617	2,276,176
Unrestricted	<u>3,203,291</u>	<u>3,288,539</u>
Total net position	<u>\$ 51,156,327</u>	<u>\$ 54,189,068</u>

Current assets in governmental activities decreased in calendar year December 31, 2015. Cash and investments decreased \$629,303, which relates to the spending down of the 2013 SPLOST Fund's fund balance.

The County continues to maintain high current ratios. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 5.3 to 1 as compared to 6.9 to 1 at December 31, 2014.

The County reported positive balances in net position for governmental activities. During 2015, net position decreased \$3,032,741 for governmental activities. However, the County remains in a strong financial position, in spite of a depressed economy.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and For the Year Ended December 31, 2015

Murray County, Georgia

Note that approximately 87.9% of the governmental activities' total assets are tied up in capital assets. The County uses these capital assets to provide services to its citizens

The following table provides a summary of the County's changes in net position at December 31, 2015 and 2014:

Summary of Changes in Net Position

	Governmental Activities	
	As Restated	
	2015	2014
Revenues:		
Program:		
Charges for services and fines	\$ 2,659,401	\$ 2,508,834
Operating grants	27,574	598,253
Capital grants and contributions	2,304,670	243,970
General:		
Property taxes	6,843,361	7,973,856
Sales taxes	7,114,961	7,206,956
Other taxes	2,498,143	2,213,578
Other	229,345	28,320
Total revenues	<u>21,677,455</u>	<u>20,773,767</u>
Program Expenses:		
General government	6,751,478	7,334,078
Judicial	1,559,255	1,396,681
Public safety	6,744,017	6,099,607
Public works	5,726,637	5,362,629
Health and welfare	1,629,726	956,300
Culture and recreation	1,130,587	619,597
Housing and development	1,168,496	379,554
Total expenses	<u>24,710,196</u>	<u>22,148,446</u>
Revenues (under) expenses	(3,032,741)	(1,374,679)
Beginning net position	<u>54,189,068</u>	<u>55,563,747</u>
Ending net position	<u>\$ 51,156,327</u>	<u>\$ 54,189,068</u>

Governmental Activities Revenues

The County is heavily reliant on both property taxes and sales taxes to support governmental operations. Property taxes provided 31.6% of the County's total revenues as compared to 38.4% in 2014. Sales and use taxes provided 32.8% of the County's total revenues as compared 34.7% in 2014.

Note that program revenues covered just 20.2% of governmental operating expenditures as compared to 15.1% in 2014. This means that the government's taxpayers and the County's other general revenues normally fund 79.8% of the governmental activities, primarily from property and sales taxes. This percentage is higher than the norm. As a result, the general economy and the success of local businesses have a major impact on the County's revenue streams.

Governmental Activities Expenses

The following table presents the cost of each of the County's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the County's taxpayers by each of these functions.

Governmental Activities				
	Total Cost of Services	Percentage of Total	Net Cost of Services	Percentage of Total
General government	\$ 6,751,478	27.3%	\$ 6,724,275	34.1%
Judicial	1,559,255	6.3%	1,291,827	6.6%
Public safety	6,744,017	27.3%	4,815,321	24.4%
Public works	5,726,637	23.2%	4,547,127	23.1%
Health and welfare	1,629,726	6.6%	1,476,489	7.5%
Culture and recreation	1,130,587	4.6%	695,016	3.5%
Housing and development	1,168,496	4.7%	168,496	0.9%
 Total	 \$ 24,710,196	 100.0%	 \$ 19,718,551	 100.0%

FUND ANALYSIS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$5,053,739 compared to a restated \$5,688,779 in 2014. The bulk of this decrease relates to the 2013 SPLOST Fund spending. The General Fund increased its fund balance by \$189,759 in this year. The 2013 SPLOST Fund decreased its fund balance by \$853,736.

Legally restricted fund balances include approximately \$1.3 million set aside for SPLOST projects and related debt service. The total ending fund balances of governmental funds show a decrease of \$635,040 or 11.2% from the restated prior year amount.

Major Governmental Funds

General Fund - The General Fund is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$189,759 or 5.6% as compared to a restated \$56,653 decrease in 2014. The ending unassigned fund balance is considered adequate, although not excessive, representing the equivalent of 21.8% of annual expenditures. This percentage compares to the 21.2% at December 31, 2014.

General property and motor vehicle taxes decreased \$409,339 or 5.6%. This decrease relates to a reduction in the millage rate of .066 and a decrease in the digest of 33.3 million. Local option sales taxes revenue was \$41,538 or 1.3% below the 2014 amount, due primarily to a sluggish growth economy. The insurance premium tax was \$119,502 or 7.1% more than the 2014 year. This tax is distributed by the State of Georgia to Georgia local governments, based upon population. Intangible taxes increased \$32,271 or 63.2% because as the economy recovers, there is an increasing number of property sales and financing. Penalties and interest on delinquent taxes decreased \$10,346 or 5.5%. In total, tax revenues were \$305,045 or just 2.3% below those of 2014.

Under intergovernmental revenue, the payments in lieu of taxes were up \$140,537 or 181.6% above the 2014 amount. These amounts can vary from year to year. DOT road grants increased \$294,377 or 64.2%, most of which relates to road resurfacing over what was available in 2014. The revenue related to the TVA increased \$23,064 or 9.5%. However, this revenue stream changes from year-to year in the distribution to local governments.

Total charges for services were down \$230,290 or 27.8%. In total, fines decreased \$143,864 or 22.6%. Fines for the magistrate court were down \$17,793 or 12.7%. Superior court fines were down \$123,439 or 57.5%. This reduction relates primarily to defendants serving time in lieu of paying fines.

Total General Fund revenues increased \$28,060 or 2/10th of 1% from 2014.

Total General Fund expenditures decreased \$345,952 or 2.2% from 2014. The most significant changes from calendar year 2014 are described below.

The general administration costs decreased \$565,958 or 16% from 2014. Most of this difference relates to a reclassifying of costs. The cost of the district attorney's office is up \$87,949 or 34.6% from the prior year. This increase relates to the transfer from Whitfield County's to Murray County.

In total, public safety costs decreased by \$125,058 or 2.6% over the prior year. The jail costs increased \$153,947 or .6% over fiscal year 2014 due to the addition of jailers and increased prisoner medical care.

Public works administration costs decreased \$187,320 or 14% due to variations in LMIG funding from the Georgia Department of Transportation.

2013 SPLOST Capital Projects Fund - This fund is utilized to account for the proceeds of a 1% special purpose local option sales tax (which followed up the 2007 SPLOST) approved for \$27 million to fund various capital outlay projects including:

- Infrastructure \$8.7 million
- Hospital equipment and debt service \$6.2 million
- Public safety equipment \$3.4 million
- The City of Chatsworth \$2.8 million
- General County buildings and equipment \$1.6 million
- Public works equipment \$1.1 million

In this year, this fund received approximately \$3.9 million of sales tax collections. \$4.4 was expended on capital projects. The County paid \$482,993 to cities within the County for their share. At December 31, 2015, the fund balance is \$1,271,039.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's revenue budget was not amended in 2015.

The general property taxes were \$28,182 or ½ of 1% under the budget.

Insurance premium tax was over budget by \$60,330 or 3.5%, as explained above. Local option sales tax was \$68,983 below the budget or 2.1%.

Superior court fines were \$78,857 below the budget and the magistrate court revenue was \$79,937 over the budget.

Most other revenues were within budget. The total revenue realized was above the budget by \$98,801. In total, the County recognized 100.6% of the final revenue budget.

The general administration budget was overspent by \$151,545, due to the reclassifying of these costs as compared to last year.

In total, the County under spent the final expenditure budget by \$243,555 or 1.6%. Because of the shrinking economy, all departments attempted to minimize their spending to help offset reducing revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2015, was \$17958,719, increasing \$834,572 or 4.9%. See Note 3-D for additional information about changes in capital assets during the calendar year and outstanding at the end of the year.

The following table provides a summary of capital asset balances:

Capital Assets		
Governmental Activities		
	2015	2014
Non-depreciable assets:		
Land	\$ 2,974,625	\$ 2,989,442
Construction in progress	1,073,107	1,219,654
Total non-depreciable	4,047,732	4,209,096
Depreciable assets:		
Buildings and improvements	29,539,560	29,473,973
Machinery, equipment and furniture	15,107,174	13,710,073
Infrastructure	120,574,655	120,718,612
Total depreciable assets	165,221,389	163,902,658
Less accumulated depreciation	122,685,702	119,487,401
Book value - depreciable assets	42,535,687	44,415,257
Percentage depreciated	74%	73%
Total assets	\$ 46,583,419	\$ 48,624,353

At December 31, 2015, the depreciable capital assets for governmental activities were 74% depreciated. This compares to 73% at December 31, 2014. This comparison indicates that the County is replacing its assets at almost the same rate as they are depreciating, which is a positive indicator. However, the percentage depreciated or 74% of total, is above the norm. The total 2015 depreciation expense was \$3,955,475 of which \$2,692,777 or 68.1% relates to the public works function.

Long-term Debt

The following table reports debt balances at December 31, 2015 and 2014:

Outstanding Borrowings

	Governmental Activities	
	2015	2014
Landfill post-closure costs	\$ 909,288	\$ 613,227
Compensated absences	330,068	348,972
Net pension liability	<u>30,921</u>	<u>163,886</u>
Total	<u><u>\$ 1,270,277</u></u>	<u><u>\$ 1,126,085</u></u>

See Note 3-H for additional information about the County's long-term debt.

A SUMMARY OF THE ECONOMIC CONDITIONS AFFECTING THE COUNTY

The County is located in North Georgia, on the Tennessee/Georgia boundary. For the past ten years, the County has experienced population growth. This population growth has resulted in an increase for services, particularly in public safety, judicial and public works. The County is one of about 3,141 counties and county equivalents in the United States.

The primary revenue streams for the County are property taxes and sales taxes. This is a good revenue mix as property taxes are classified as "inelastic" and sales taxes are classified as "elastic." Sales tax revenue is highly sensitive to fluctuations in the economy. The current economic downturn has definitely affected the County's revenue streams; however, sales taxes decreased approximately \$69,000 from 2014. The 2015 budget was a no-frills operational budget with departmental belt tightening and very few capital projects. We are hopeful the economy will recover by mid-year and we will constantly monitor our economic condition to make the necessary adjustments.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have questions, concerning any of the information provided in this report or would like to request additional information, contact:

Murray County Finance Department
P.O. Box 1129
Chatsworth, Georgia 30705
Telephone 706-517-1400 ext. 1367

Murray County, Georgia
Statement of Net Position
December 31, 2015

	Primary Government	
	Governmental Activities	Component Units
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 4,049,468	\$ 405,714
Receivables:		
Accounts	261,986	31,859
Property taxes	1,027,890	-
Sales taxes	568,198	-
Intergovernmental	165,499	39,858
Inventory	-	1,900
Prepaid items	240,619	-
Restricted assets	99,464	-
Total Current Assets	<u>6,413,124</u>	<u>479,331</u>
Noncurrent Assets		
Capital assets	4,047,732	-
Nondepreciable	42,535,687	10,915
Depreciable, net		
Noncurrent Assets	<u>46,583,419</u>	<u>10,915</u>
Total Assets	<u>52,996,543</u>	<u>490,246</u>
Deferred Outflows of Resources	<u>399,089</u>	<u>104,058</u>
Total Assets and Deferred Outflows of Resources	<u>53,395,632</u>	<u>594,304</u>
Liabilities and Deferred Inflows of Resources		
Current Liabilities		
Accounts payable	453,846	-
Accrued expenses payable	320,484	-
Compensated absences payable	247,551	-
Funds held in escrow	99,464	-
Claims payable	95,234	-
Net pension liability payable	-	30,133
Total Current Liabilities	<u>1,216,579</u>	<u>30,133</u>
Long-Term Liabilities (net of current portion):		
Landfill closure and post-closure care payable	909,288	-
Compensated absences payable	82,517	25,464
Net pension liability payable	30,921	652,570
Total Long-Term Liabilities	<u>1,022,726</u>	<u>678,034</u>
Total Liabilities	<u>2,239,305</u>	<u>708,167</u>
Deferred Inflows of Resources	<u>-</u>	<u>159,272</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,239,305</u>	<u>867,439</u>
Net Position (Deficit)		
Investment in capital assets	46,583,419	10,915
Restricted for:		
Public health	-	16,370
Capital projects	1,271,039	-
Judicial purposes	29,653	-
Public safety purposes	68,925	-
Unrestricted (Deficit)	3,203,291	(300,420)
Total Net Position (Deficit)	<u>\$ 51,156,327</u>	<u>\$ (273,135)</u>

See accompanying notes to the basic financial statements

Murray County, Georgia
Statement of Activities
For the Year Ended December 31, 2015

Function/Program	Program Revenues					Net Revenue (Expense) and Changes in Net Position	
	Expenses	Charges for Services and Sales and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
Primary Government							
Governmental Activities							
General government	\$ 6,751,478	\$ 27,203	\$ -	\$ -	\$ (6,724,275)	\$ -	
Judicial	1,559,255	267,428	-	-	(1,291,827)		
Public safety	6,744,017	1,888,085	24,645	15,966	(4,815,321)		
Public works	5,726,637	171,456	-	1,008,054	(4,547,127)		
Health and welfare	1,629,726	153,237	-	-	(1,476,489)		
Culture and recreation	1,130,587	151,992	2,929	280,650	(695,016)		
Housing and development	1,168,496	-	-	1,000,000	(168,496)		
Total Governmental Activities	\$ 24,710,196	\$ 2,659,401	\$ 27,574	\$ 2,304,670	(19,718,551)		
Component Units							
Recreation Commission	\$ 5,389	\$ -	\$ -	\$ -	-		\$ (5,389)
Department of Public Health	720,471	209,088	569,779	-	-		58,396
Total Component Units	\$ 725,860	\$ 209,088	\$ 569,779	\$ -	-		53,007
General Revenues							
Property taxes levied for general government purposes					6,843,361		-
Sales taxes					7,114,961		-
Insurance premium taxes					1,806,330		-
Other taxes					691,813		-
Miscellaneous					229,345		58,792
Total General Revenues					16,685,810		58,792
Change in Net Position					(3,032,741)		111,799
Net Position Beginning of Year - As Restated					54,189,068		(384,934)
Net Position End of Year					\$ 51,156,327		\$ (273,135)

See accompanying notes to the basic financial statements

Murray County, Georgia
Balance Sheet
Governmental Funds
December 31, 2015

	General	2013 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 3,014,726	\$ 921,947	\$ 112,795	\$ 4,049,468
Restricted cash	99,464	-	-	99,464
Receivables:				
Accounts	140,446	-	121,540	261,986
Property taxes	1,027,890	-	-	1,027,890
Sales taxes	259,511	308,687	-	568,198
Intergovernmental	153,611	-	11,888	165,499
Interfund	22,935	132,410	-	155,345
Prepaid items	<u>240,619</u>	<u>-</u>	<u>-</u>	<u>240,619</u>
Total Assets	<u><u>\$ 4,959,202</u></u>	<u><u>\$ 1,363,044</u></u>	<u><u>\$ 246,223</u></u>	<u><u>\$ 6,568,469</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 343,482	\$ 92,005	\$ 18,359	\$ 453,846
Accrued expenditures payable	295,893	-	24,591	320,484
Interfund payable	132,410	-	22,935	155,345
Funds held in escrow	99,464	-	-	99,464
Claims payable	<u>95,234</u>	<u>-</u>	<u>-</u>	<u>95,234</u>
Total Liabilities	<u>966,483</u>	<u>92,005</u>	<u>65,885</u>	<u>1,124,373</u>
Deferred Inflows of Resources	<u><u>390,357</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>390,357</u></u>
Total Liabilities and Deferred Inflows of Resources	<u><u>1,356,840</u></u>	<u><u>92,005</u></u>	<u><u>65,885</u></u>	<u><u>1,514,730</u></u>
Fund Balances				
Nonspendable	240,619	-	-	240,619
Restricted	-	1,271,039	98,578	1,369,617
Assigned	-	-	81,760	81,760
Unassigned	<u>3,361,743</u>	<u>-</u>	<u>-</u>	<u>3,361,743</u>
Total Fund Balances	<u><u>3,602,362</u></u>	<u><u>1,271,039</u></u>	<u><u>180,338</u></u>	<u><u>5,053,739</u></u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u><u>\$ 4,959,202</u></u>	<u><u>\$ 1,363,044</u></u>	<u><u>\$ 246,223</u></u>	<u><u>\$ 6,568,469</u></u>

See accompanying notes to the basic financial statements

Murray County, Georgia
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2015

Total Governmental Fund Balances	\$	5,053,739
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds (exclusive of internal service funds' capital assets).

Cost of capital assets	\$ 169,269,121	
Less accumulated depreciation	<u>(122,685,702)</u>	46,583,419

Other long-term assets (i.e., property taxes receivable) are not available to pay for current-period expenditures and therefore are deferred in the funds.		390,357
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Deferred outflows for pensions reported on the government-wide statement of position but not reported on the governmental fund balance sheet.		399,089
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Liabilities not due and payable in the current period are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net position.

Landfill closure and post closure care payable	\$ (909,288)	
Compensated absences payable	(330,068)	(330,068)
Net pension liability payable	<u>(30,921)</u>	<u>(1,270,277)</u>

Net Position of Governmental Activities	\$	<u>51,156,327</u>
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See accompanying notes to the basic financial statements

Murray County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	2013 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 12,806,421	\$ 3,863,944	\$ 60,577	\$ 16,730,942
Licenses and permits	82,507	-	-	82,507
Intergovernmental	1,237,996	132,410	1,162,484	2,532,890
Charges for services	598,758	-	600,351	1,199,109
Fines and forfeitures	491,759	-	160,616	652,375
Investment earnings	-	6,055	-	6,055
Contributions	-	-	112,866	112,866
Miscellaneous	439,877	-	-	439,877
Total Revenues	15,657,318	4,002,409	2,096,894	21,756,621
Expenditures				
Current:				
General government	6,305,080	-	-	6,305,080
Judicial	1,493,123	-	-	1,493,123
Public safety	4,980,869	-	905,096	5,885,965
Public works	1,379,153	-	-	1,379,153
Culture and recreation	533,041	-	101,109	634,150
Health and welfare	406,762	-	-	406,762
Housing and development	310,409	-	1,131,996	1,442,405
Intergovernmental	-	482,993	-	482,993
Capital Outlay	-	4,373,152	-	4,373,152
Total Expenditures	15,408,437	4,856,145	2,138,201	22,402,783
Excess (Deficiency) of Revenues Over (Under) Expenditures	248,881	(853,736)	(41,307)	(646,162)
Other Financing Sources (Uses)				
Proceeds from the sale of assets	11,122	-	-	11,122
Transfers in	45,954	-	116,198	162,152
Transfers out	(116,198)	-	(45,954)	(162,152)
Total Other Financing Sources (Uses)	(59,122)	-	70,244	11,122
Net Change in Fund Balances	189,759	(853,736)	28,937	(635,040)
Fund Balances Beginning of Year , as Restated - See Note 4E	3,412,603	2,124,775	151,401	5,688,779
Fund Balances End of Year	\$ 3,602,362	\$ 1,271,039	\$ 180,338	\$ 5,053,739

See accompanying notes to the basic financial statements

Murray County, Georgia
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Net Changes In Fund Balances - Total Governmental Funds \$ (635,040)

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

Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.

Depreciation expense	\$ (3,955,475)	
Capital outlay	<u>1,962,859</u>	(1,992,616)

The net book value of capital assets disposed of are reported on the government-wide statement of activities but not reported in the governmental funds' operating statement. (48,318)

The excess of pension contributions over the cost of benefits earned net of employee contributions on the defined benefit pension plan is reported on the government-wide statement of activities but not on the governmental funds' operating statement. 168,054

Property tax revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues at the fund financial reporting level.

Deferred @ 12/31/15	\$ 390,357	
Deferred @ 12/31/14	<u>(638,021)</u>	(247,664)

Elimination of transfers between governmental funds:

Transfers in	\$ (162,152)	
Transfers out	<u>162,152</u>	-

Landfill closure and postclosure care liabilities reported in the government-wide statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Liability @ 12/31/15	\$ (909,288)	
Liability @ 12/31/14 - as restated	<u>613,227</u>	(296,061)

Compensated absences reported in the government-wide statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Liability @ 12/31/15	\$ (330,068)	
Liability @ 12/31/14	<u>348,972</u>	18,904

Change In Net Position of Governmental Activities \$ (3,032,741)

See accompanying notes to the basic financial statements

Murray County, Georgia
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 12,766,077	\$ 12,766,077	\$ 12,806,421	\$ 40,344
Licenses and permits	94,800	94,800	82,507	(12,293)
Intergovernmental	919,200	919,200	1,237,996	318,796
Charges for services	1,003,750	1,003,750	598,758	(404,992)
Fines and forfeitures	527,400	527,400	491,759	(35,641)
Miscellaneous	247,290	247,290	439,877	192,587
Total Revenues	15,558,517	15,558,517	15,657,318	98,801
Expenditures				
Current:				
General government	6,186,253	6,186,253	6,305,080	(118,827)
Judicial	1,483,974	1,483,974	1,493,123	(9,149)
Public safety	5,088,602	5,088,602	4,980,869	107,733
Public works	1,586,925	1,586,925	1,379,153	207,772
Culture and recreation	553,300	553,300	533,041	20,259
Health and welfare	435,025	435,025	406,762	28,263
Housing and development	317,913	317,913	310,409	7,504
Total Expenditures	15,651,992	15,651,992	15,408,437	243,555
Excess (Deficiency) of Revenues Over (Under) Expenditures	(93,475)	(93,475)	248,881	342,356
Other Financing Sources (Uses)				
Proceeds from the sale of assets	10,000	10,000	11,122	1,122
Contingencies	(616,525)	(616,525)	-	616,525
Transfers in	700,000	700,000	45,954	(654,046)
Transfers out	-	-	(116,198)	(116,198)
Net Change in Fund Balances	\$ -	\$ -	189,759	\$ 189,759
Fund Balances Beginning of Year , as Restated - Note 4E			3,412,603	
Fund Balances End of Year			\$ 3,602,362	

See accompanying notes to the basic financial statements

Murray County, Georgia
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
Agency Funds
December 31, 2015

Assets

Cash and cash equivalents	\$ <u>794,694</u>
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Liabilities

Due to others	\$ <u>794,694</u>
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See accompanying notes to the basic financial statements

Murray County, Georgia
Combining Statement of Net Position
Component Units
December 31, 2015

	Health Department	Recreation Commission	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and cash equivalents	\$ 400,897	\$ 4,817	\$ 405,714
Receivables:			
Accounts	31,859	-	31,859
Intergovernmental	39,858	-	39,858
Inventory	1,900	-	1,900
Total Current Assets	474,514	4,817	479,331
Noncurrent Assets:			
Capital assets:			
Depreciable, net	10,915	-	10,915
Total Assets	485,429	4,817	490,246
Deferred Outflows of Resources	104,058	-	104,058
Total Assets and Deferred Outflows of Resources	589,487	4,817	594,304
Liabilities			
Current Liabilities:			
Intergovernmental payable	30,133	-	30,133
Long-Term Liabilities (net of current portion):			
Compensated absences payable	25,464	-	25,464
Net pension liability payable	652,570	-	652,570
Total Long-Term Liabilities	678,034	-	678,034
Total Liabilities	708,167	-	708,167
Deferred Inflows of Resources	159,272	-	159,272
Total Liabilities and Deferred Inflows of Resources	867,439	-	867,439
Net Position (Deficit)			
Investment in capital assets	10,915	-	10,915
Restricted for public health	16,370	-	16,370
Unrestricted (Deficit)	(305,237)	4,817	(300,420)
Total Net Position (Deficit)	\$ (277,952)	\$ 4,817	\$ (273,135)

See accompanying notes to the basic financial statements

Murray County, Georgia
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2015

	Health Department	Recreation Commission	Total
Expenses:			
Public health	\$ 720,471	\$ -	\$ 720,471
Culture and recreation	- 5,389	5,389	5,389
Total Expenses	720,471	5,389	725,860
Revenues:			
Program:			
Charges for services	209,088	-	209,088
Operating grants and contributions	564,579	5,200	569,779
Total Program Revenues	773,667	5,200	778,867
Net Program (Expense)	53,196	(189)	53,007
General Revenues:			
Miscellaneous	58,792	-	58,792
Change in Net Position	111,988	(189)	111,799
Net Position Beginning of Year , as Restated - Note 4E	(389,940)	5,006	(384,934)
Net Position End of Year	\$ (277,952)	\$ 4,817	\$ (273,135)

See accompanying notes to the basic financial statements

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Murray County, Georgia (the County) is a political subdivision of the State of Georgia and was created by a legislative act in 1832. The County operates under a Commission-Administrator form of government and is governed by an elected sole county commissioner, governed by state statutes and regulations. There are certain elected officials whose operations are wholly included within the financial records and financial statements of the County. These elected officials include the Sheriff, Tax Commissioner, Probate Court Judge, Magistrate Court Judge, Juvenile Court Judge, Superior Court Judge and Clerk of the Superior Court. The County's major services include general government, courts, public safety, public works, health and welfare, parks, recreation and culture and planning and community development.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the County's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component unit and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the County's discretely presented component units, reported separately to emphasize that the component units are legally separate from the County.

A brief description of the discretely presented component units are as follows:

Murray County Health Department – (Health Department) – The Health Department works to promote and preserve the health of the citizens of the County. The Health Department's Board consists of seven members, four of these members are appointed by the County Commissioner. Although the County does not have the authority to approve or modify the Health Department's budgets, it does have the ability to control the amount of funding it provides to the Health Department and such funding is significant to the overall operations of the Health Department. The Health Department is reported on a June 30, 2015 fiscal year. Complete financial statements for the Health Department may be obtained from its administrative office at:

Northwest Health District 1 Unit 1
111 Bryant Crossing, Suite AA
Dalton, Georgia 30720

Murray County Recreation Commission – The Murray County Recreation Commission (the "Parks and Recreation Commission") manages and maintains park and recreation facilities for the benefit of Murray County citizens. The County Commissioner appoints all of the Commission's board members and the County has a significant financial relationship with the Parks and Recreation Commission. Financial information related to the Parks and Recreation Commission may be obtained from the Parks and Recreation clerk of Murray County.

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

1-B. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole. The primary government and the discretely presented component units are presented separately within these financial statements with the focus on the primary government. Fiduciary funds are not presented in the government-wide financial statements.

The statement of net position presents the financial position of the governmental activities of the County and its discretely presented component units at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function generates the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental and fiduciary funds.

Major individual governmental funds are reported in separate columns.

Fund Accounting - The County uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses two categories of funds: governmental and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources.

Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance. The following are the County's major governmental funds:

General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of the State of Georgia.

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

2013 Special Purpose Local Option Sales Tax Capital Projects Fund – This fund is utilized to account for the proceeds of a 1 percent special purpose local option sales tax beginning January 1, 2013 for funding various capital outlay projects including road and bridges projects, hospital equipment and debt reduction, public safety equipment and vehicles, recreation department equipment and expansion, public works equipment and vehicles, general facility equipment and enhancements, fire station construction and expansion, communications, and economic development projects.

Fiduciary Funds - Fiduciary fund reporting focuses on net position. The County's fiduciary funds include agency funds. The County's fiduciary funds are agency funds for use by the County's constitutional officers comprised of the Tax Commissioner, Clerk of Superior Court, Sheriff, Judge of Probate Court and Magistrate Court.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Fiduciary funds are reported on the accrual basis.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the calendar year in which the resources are measurable and become available. Available means that the resources will be collected within the current calendar year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current calendar year. For the County, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the calendar year for which the taxes are levied (Note 3-C). Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, charges for services and federal and state grants.

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposits and deposits with the Georgia Fund I (i.e., the local government investment pool) as well as short-term investments with a maturity date within three months of the date acquired by the County.

Currently, 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. Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the County to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or United States Government Agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Long-term interfund receivables and payables are classified as advances. These amounts are eliminated in the governmental columns of the statement of net position.

1-E-4 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved, as this amount is not available for general appropriation.

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-5 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the government funds balance sheet.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of \$5,000 and an estimated useful life of two years or more (excluding infrastructure). All infrastructure is capitalized with a cost of \$50,000 and an estimated life of two years or more. The County's infrastructure consists of roads and bridges. The County's entire infrastructure has been reported regardless of acquisition date. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

Asset Class	Governmental Activities
Land improvements	25- 50 Years
Site improvements	50 Years
Infrastructure	15-30 Years
Buildings	25-50 Years
Machinery and equipment	6-15 Years
Office equipment	5 Years
Furniture and fixtures	20 Years
Intangibles - software	5 Years
Vehicles	6-15 Years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

1-E-6 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. (Note 3-H)

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-7 Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Murray 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.

1-E-8 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Certificates of participation, bonds and capital leases are recognized as a liability in the governmental fund financial statements when due.

1-E-9 Fund Equity (Note 3-J)

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 current assets and current liabilities. In the fund financial statements, governmental funds report fund 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 County Commissioner through the approval of a motion. Only, the County Commissioner also may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the County Commissioner has authorized a designee to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (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:

- Committed
- Assigned
- Unassigned

Net position – Net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

This net position amount also is adjusted by any deferred bond premiums, discounts or refunding amounts. Net position is 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. The balance of net position is reported as unrestricted.

1-E-10 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between funds reported in the governmental activities column are eliminated from the government-wide statement of activities.

1-E-11 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

1-E-12 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

1-E-13 Implementation of New GASB Standards

In fiscal year 2015, the County implemented the following GASB Standards:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement establish accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Implementation of this statement requires a restatement to beginning net position. The adoption of this statement has a significant impact on the County's financial statements.

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* - an amendment of GASB No. 68. The objective of this statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of statement. This statement amends paragraph 137 of Statement No. 68 which limited recognition of pension-related deferred inflows of resources at the transition to circumstances in which it is practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information – The applicable statutes of the State of Georgia require the County to operate under an annual balanced budget adopted by resolution. The County adopts an annual operating budget for all governmental funds except the capital projects funds, which have an adopted project budget. The budget resolution reflects the total of each department's appropriation in each fund.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or changes between department appropriations within a fund requires approval of the County Commissioner.

The budget is adopted on a basis consistent with generally accepted accounting principles, and on the same basis of accounting used by each fund to which the budget applies. The County Commissioner must also approve budget transfers within departments.

The original 2015 budget was not amended during the year. All unencumbered annual appropriations lapse at year-end. Encumbered appropriations are carried forward to the subsequent year automatically.

2-B. Excess of Expenditures over Appropriations

The following departments overspent the final 2015 annual budget by the following:

General Fund:	
Board of elections	\$ 3,237
General administration	151,545
Tax commissioner	24,061
General government buildings	65,910
Superior court	19,926
Magistrate court	1,496
Senior citizen's center	1,374
Community and economic development	5,570
Transfers out	116,198

Also, the following special revenue funds overspent the final 2015 annual budget by the following:

Confiscated Assets Fund	\$ 58,009
Multi-grant Fund	1,226,014
Substance Abuse Fund	59

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

Deposits – All of the bank balances are insured or collateralized with securities held by the County or by its agent in the County's name or with securities held by the pledging financial institution's trust department or agent in the County's name.

State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

Investments - Health Department Component Unit - Investments reported by the Health Department, a discretely presented component unit, represent excess cash in the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). Funds included in the State Treasurer's Investment Pool are not required to be collateralized. The pool is regulated by the oversight of the Office of State Treasurer. The fair value of the Health Department's position in the pool approximates the value of the Health Department's pool shares.

Primary government cash and cash equivalents reconciliation:

	<u>Cash and Cash Equivalents</u>
Primary Government - Fund Reporting Level:	
Governmental Funds Balance Sheet - Unrestricted	\$ 4,049,468
Governmental Funds Balance Sheet - Restricted	99,464
Statement of Fiduciary Assets and Liabilities	<u>794,694</u>
 Total	 <u>\$ 4,943,626</u>

3-B. Receivables

Receivables at December 31, 2015 consisted of taxes, interest, accounts (billings for user charges) and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

3-C. Property Taxes

The County Commissioner levied property taxes on September 8, 2015. Property taxes attach as an enforceable lien on property as of January 1. Property taxes were billed on September 26, 2015 and are due upon receipt, however, the actual due date was December 1, 2015. The County bills and collects its own property taxes and also collects property taxes for the County Board of Education and the State of Georgia. The County also collects vehicle and mobile home taxes for the cities located in the County and the State of Georgia. Collection of the County's taxes and for the other governmental agencies is the responsibility of the Tax Commissioner's Office, which is accounted for in an agency fund.

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Governmental fund activities capital asset activity for the year ended December 31, 2015 was as follows:

	1/1/2015	Additions	Deductions	12/31/2015
Nondepreciable capital assets:				
Land	\$ 2,989,442	\$ -	\$ 14,817	\$ 2,974,625
Construction in Progress	1,219,654	1,276,416	1,422,963	1,073,107
Total nondepreciable capital assets	<u>4,209,096</u>	<u>1,276,416</u>	<u>1,437,780</u>	<u>4,047,732</u>
Depreciable capital assets:				
Land improvements	4,984,170	302,377	34,389	5,252,158
Infrastructure	120,718,612	-	143,957	120,574,655
Buildings	24,489,803	-	202,401	24,287,402
Machinery and equipment	6,324,526	345,291	231,456	6,438,361
Office equipment	367,755	356,122	978	722,899
Furniture and fixtures	173,466	-	41,830	131,636
Software	118,258	1,023,911	-	1,142,169
Vehicles	6,726,068	81,705	135,664	6,672,109
Total depreciable capital assets	<u>163,902,658</u>	<u>2,109,406</u>	<u>790,675</u>	<u>165,221,389</u>
Total capital assets	<u>168,111,754</u>	<u>3,385,822</u>	<u>2,228,455</u>	<u>169,269,121</u>
Accumulated depreciation:				
Land improvements	1,494,128	197,721	33,860	1,657,989
Infrastructure	101,921,441	2,608,392	124,261	104,405,572
Buildings	5,331,337	679,963	201,899	5,809,401
Machinery and equipment	4,701,128	217,820	227,852	4,691,096
Office equipment	315,970	35,264	978	350,256
Furniture and fixtures	66,549	23,944	38,246	52,247
Software	94,939	36,002	-	130,941
Vehicles	5,561,909	156,369	130,078	5,588,200
Total accumulated depreciation	<u>119,487,401</u>	<u>3,955,475</u>	<u>757,174</u>	<u>122,685,702</u>
Governmental activities capital assets, net	<u>\$ 48,624,353</u>	<u>\$ (569,653)</u>	<u>\$ 1,471,281</u>	<u>\$ 46,583,419</u>

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities

General government	\$ 383,551
Judicial	18,972
Public safety	713,121
Public works	2,692,777
Health and welfare	16,706
Culture and recreation	<u>130,348</u>
 Total depreciation expense for governmental activities	 <u>\$ 3,955,475</u>

3-E. Deferred Inflows/Outflows of Resources

Fund Financial Reporting Level - In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County reports one of these items. This item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes (\$390,357). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Government-wide Financial Reporting Level - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The County has deferred outflows of resources 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. Additionally, any contributions made by the County to the pension plan before fiscal year end but subsequent to the measurement date of the County's net pension liability are reported as deferred outflows of resources. The deferred outflows of resources (\$399,089) relate to the GASBS 68 reporting required.

3-F. Interfund Balances

Interfund Receivables/Payables - The following are interfund balances between funds:

Receivable Fund:	Payable Fund:		
	General	Nonmajor governmental	Total
General	\$ -	\$ 22,935	\$ 22,935
2013 SPLOST	132,410	-	132,410
 Total	 <u>\$ 132,410</u>	 <u>\$ 22,935</u>	 <u>\$ 155,345</u>

Interfund balances at December 31, 2015 consisted of interfund loans between funds for cash flow purposes and for other budgeted purposes.

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Interfund Transfers - Interfund transfers for the year ended December 31, 2015, consisted of the following:

Transfer In Fund:	Transfer Out Fund:		
	General	Nonmajor governmental	Total
General	\$ -	\$ 45,954	\$ 45,954
Nonmajor governmental	116,198	-	116,198
Total	\$ 116,198	\$ 45,954	\$ 162,152

The transfer from the General Fund to the E-911 Fund is to reduce the E-911 Fund (nonmajor governmental fund) deficit as the telephone surcharge is not adequate to balance this fund. Other transfers are utilized to report revenues in the fund required by statute or budget to collect such revenue, or to expend such revenue. Transfers are also utilized to account for revenues collected in the General Fund which are to be used by other funds in accordance with budgetary authorizations or anticipated capital projects. All County transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

3-G. Landfill Closure and Post-closure Care Costs

State and Federal laws and regulations require that the County place a final cover on its landfill when officially closed as well as perform certain maintenance and monitoring functions at the landfill site for a period of thirty years after such closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post closure care costs is based on the amount of the landfill capacity used during the year.

The County owns two landfill sites. Site 1 was operated by the County until 1997 when it reached capacity and stopped accepting waste. Site 2, leased and operated by Santek, is operated on a cell basis; that is, only a portion or cell of the landfill is used at a time. The term of the lease agreement shall be the operational life of the landfill as determined by remaining capacity from time to time, which is based on current waste density and tonnage currently estimated to end in 2341.

The County has met all of its closure obligations for Site 1; therefore, there is no further liability for closure costs. Closure certificates were obtained in late 2003 and early 2004. The post-closure period for this location is estimated to end in 2033. Under the existing lease agreement, Santek shall be responsible for post-closure care during the term of the agreement.

Under the existing lease contract, Santek is also responsible for the construction, maintenance, and closure costs of each cell of Site 2 it operates. Santek shall also be responsible for the post-closure care of those sites while the lease agreement remains in effect. Following the termination of this lease, the County immediately assumes full responsibility for the post-closure costs for the balance of the 30-year period. Based on the use of 15% of the estimated capacity of the landfill, the County has recognized a liability for post-closure costs accrued to date of \$909,288 and has not recognized related closure costs of \$1,258,494 to be provided by Santek under the lease agreement.

The remaining estimated costs of closure and post-closure in the amount of \$12,670,391 will be recognized as the remaining capacity is used, with the County responsible for \$5,314,966 of such post closure costs, and Santek responsible for the remaining \$7,355,425 of closure costs. These amounts are based on what it would cost to perform all closure and post closure care in 2015. Any changes to the lease term as well as additional bonds or letters of credit provided by Santek could change these assumptions. Actual costs may also vary due to inflation or deflation, changes in technology or changes in laws and regulations.

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

3-H. Long-Term Debt

Changes in Long-term Debt - Changes in the County's long-term obligations consisted of the following for the year ended December 31, 2015:

Governmental Activities	Restated			Outstanding 12/31/2015	Amounts Due in One Year
	Outstanding 1/1/2015	Additions	Reductions		
Landfill post-closure costs	\$ 613,227	\$ 296,061	\$ -	\$ 909,288	\$ -
Compensated absences	348,972	242,825	261,729	330,068	247,551
Net pension liability	163,886	-	132,965	30,921	-
Total Governmental Activities	\$ 1,126,085	\$ 538,886	\$ 394,694	\$ 1,270,277	\$ 247,551

The landfill post-closure costs are being retired by the General Fund. The governmental activities compensated absences liability will be paid from the fund from which the employees' salaries are paid, generally the General Fund and the E-911 Fund. The net pension liability generally is retired from the General Fund.

3-I. Tax Anticipation Notes

On June 26, 2015, the County entered into a \$3,000,000 tax anticipation line of credit for cash flow purposes. The line of credit bore interest at a rate of 1.50% and was paid on December 31, 2015 from 2015 property tax revenues collected between September and December. Principal and interest amounts repaid were \$2,265,704. The borrowings were allocated to the General Fund.

Short-term debt activity for the year ended December 31, 2015 was as follows:

	Balance 1/1/2015	Additions	Payments	Balance 12/31/2015
Tax anticipation notes (TAN)	\$ -	\$ 2,250,000	\$ 2,250,000	\$ -
TAN interest paid	\$ 13,204			
Loan fee	2,500			
Total interest and fees paid	\$ 15,704			

3-J. Pensions

Defined Benefit Pension Plan

Plan Description. The Murray County Defined Benefit Pension Plan and Trust, (the "Plan"), is affiliated with the Association of County Commissioners of Georgia Defined Benefit Plan (ACCG), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The authority for the Plan, benefits, vesting and contributions are established by the Board of Commissioners. The Plan is administered by the Government Employee Benefits Corporation of Georgia (GEB Corp). GEB Corp issues a publicly available financial report that includes financial statements and required supplementary information for ACCG. The Plan is a defined benefit pension plan that provides retirement, disability and death benefits to Plan members and beneficiaries. All full-time employees, defined as those providing at least 1,000 hours of service to the County per Plan year, are eligible for participation in the Plan. Any eligible employee who has both completed one year of service and has attained the age of 21 may participate in the Plan.

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Employees become vested after five years of service to the County. All full-time eligible employees hired prior to November 1, 2013 were participants in the ACCG Plan (Plan) upon employment.

Current membership is as follows:

Retirees, beneficiaries, and disables	
currently receiving benefits	66
Terminated participants entitled to but	
not yet receiving benefits	105
Active employees participating in the plan	<u>136</u>
 Total number of participants	 <u>307</u>

Benefits Provided. The County sponsors the Plan. The Plan provides retirement, disability, and death benefits to plan participants. The plan assets shall be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan. All full time employees and employees receiving county supplements participate in the plan. Benefits vest after 5 years. Participants may retire at normal retirement, which is the later of age 65, or 5 years of vesting service. Early retirement eligibility is the later of age 55 or 10 years of vesting service. The benefit is as follows:

- 1.25% of average annual compensation times past service (i.e., service prior to January 1, 2006) less the accumulated benefit amount of other Murray County retirement benefits,
- 2.5% of average annual compensation times future service (i.e., service after December 31, 2005),
- 25% of average annual compensation times “buy-back” units at buy back age.

Compensation is defined as the highest five years of base wages during employment with the County.

Contributions. County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report. The County's actuarially determined contribution rate for the fiscal year ended December 31, 2015 was \$364,000, or 8.6% of covered-employee payroll. The County's covered payroll for employees participating in the Plan as of January 1, 2014, (the most recent actuarial valuation date) was \$4,231,406 (based on covered earnings for the preceding year). The County Commissioner provides for the benefits and funding policy through County ordinance and maintains the authority to change the policy. The administrative expenses set by contract between the ACCG and GEBCorp are in addition to the state-required annual funding requirement.

The Georgia Constitution enables the governing authority of the County, the County Board of Commissioners, to establish, and amend from time-to-time contribution rates for the County and its Plan participants.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2015, the County reported a net pension liability of \$30,921. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. For the year ended December 31, 2015, the County recognized pension expense of \$183,133.

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

The components of the net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2013	\$ 8,897,345	\$ 8,733,459	\$ 163,886
Changes for the year:			
Service cost	132,324	-	132,324
Interest	651,480	-	651,480
Employer contributions	-	364,000	(364,000)
Net investment income	-	634,957	(634,957)
Benefit payments	(421,888)	(421,888)	-
Administrative expense	-	(23,041)	23,041
Other changes	-	(59,147)	59,147
Net changes	<u>361,916</u>	<u>494,881</u>	<u>(132,965)</u>
Balances at December 31, 2014	<u>\$ 9,259,261</u>	<u>\$ 9,228,340</u>	<u>\$ 30,921</u>

Plan fiduciary net position as a percentage of the total pension liability	99.67%
Covered employee payroll	\$ 4,231,406
Net pension liability as a percentage of covered employee payroll	0.73%

At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources
Pension contributions subsequent to measurement date	\$ 351,187
Net difference between projected and actual earnings on pension plan investments	<u>47,902</u>
Total	<u>\$ 399,089</u>

The \$351,187 of deferred outflows of resources resulting from the County's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31	
2016	\$ 11,976
2017	11,976
2018	11,975
2019	<u>11,975</u>
Totals	<u>\$ 47,902</u>

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

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

Inflation	3.00%
Future salary increases	3.00% per year with an age based scale
Cost of living adjustments	N/A
Net investment rate of return	7.50%

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table. Disabled rates were derived from a 1977 Social Security Administration study.

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

Benchmark	Asset Allocation	Average 20 Year Return	Weighted 20 Year Return	Average 30 Year Return	Weighted 30 Year Return
S&P 500	30%	8.80%	2.64%	10.74%	3.22%
Barlay's Agg.	30%	5.75%	1.73%	7.80%	2.34%
MSCI EAFE	15%	5.44%	0.82%	9.51%	1.43%
Citi Non US WEBI	5%	5.48%	0.27%	5.48%	0.27%
NAREIT Equity	5%	9.91%	0.50%	11.35%	0.57%
Russell 2000	5%	8.96%	0.45%	9.37%	0.47%
Russell 3000	5%	8.89%	0.44%	10.58%	0.53%
S&P Mid Cap	5%	11.83%	0.59%	13.21%	0.66%
Weighted Return			7.44%		9.49%

Discount Rate. The discount rate used to measure the total pension liability was 7.50 percent. The discount rate is determined through a blend of using a building blocks approach based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as the forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

	Discount Rate	Net Pension Liability
1% decrease	6.50%	\$ 1,241,094
Current discount rate	7.50%	30,921
1% increase	8.50%	(976,420)

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Association County Commissioners of Georgia GEBCorp financial report.

Other Plans

In addition to the plan above, various County employees are covered under the following plans: Georgia Firefighters' Pension Fund, Georgia State Employees' Retirement System (ERS), Magistrates' Retirement Fund of Georgia, Peace Officers' Annuity and Benefit Fund of Georgia, Probate Judges' Retirement Fund of Georgia, Sheriffs' Retirement Fund of Georgia, and Superior Court Clerks' Retirement Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual reports.

3-K. Fund Equity

Fund Balances - Fund balances are classified as follows:

- **Nonspendable** - The General Fund reports nonspendable fund balance in the amount of \$240,619 for prepaid items because they are not in spendable form.
- **Restricted** - The following fund balances are legally restricted to specified purposes:

2013 SPLOST Capital Projects Fund

Capital projects	\$ 1,271,039
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Law Library Special Revenue Fund

Law library operations	29,653
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Confiscated Assets Special Revenue Fund

Public safety activities	53,429
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Substance Abuse Special Revenue Fund

Public safety activities	<u>15,496</u>
	<u><u>\$ 1,369,617</u></u>

- **Assigned** - The E-911 Special Revenue Fund reports fund balance assigned to E-911 system operations in the amount of \$81,760.

Investment in Capital Assets

	<u>Governmental</u> <u>Activities</u>
Cost of capital assets	\$ 169,269,121
Less accumulated depreciation	<u>(122,685,702)</u>
Investment in capital assets	<u><u>\$ 46,583,419</u></u>

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 4 - Other Notes

4-A. 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 participated in the Georgia Inter-local Risk Management Agency Property and Liability Insurance and (GIRMA) 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. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

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 maintains a group health insurance plan through American National that carries a specific employee plan deductible of \$50,000 individually and \$90,000 County-wide. Claims up to that amount are paid by the County through the Murray County Benefits account, a self-insurance fund. The third party administrator reviews and approves all claims on behalf of the County.

4-B. Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the County believes such disallowances, if any, will be immaterial.

The County was a defendant in several lawsuits at December 31, 2015. In the opinion of County management, the outcome of these contingencies will not have a material effect on the financial position of the County.

4-C. Joint Ventures

Northwest Georgia Regional Commission (RC) - The County, in conjunction with cities and counties in the thirteen-county northwest Georgia area are members of the Northwest Georgia Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RC's. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The RC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The County board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a County. The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RC's as "public agencies" and instrumentalities of their members.

Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources (O.C.G.A. 50-8-39.1).

Separately issued financial statements are available at the RC's administrative office.

Murray County, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 4 - Other Notes (Continued)

4-D. Hotel/Motel Lodging Tax

Pursuant to an ordinance approved on June 27, 2005, the County levies a 5% lodging tax in accordance with O.C.G.A. 48-13-51. A summary of the transactions for the year ended December 31, 2015 follows:

Lodging tax receipts	\$ 60,577
Disbursements for trade and tourism	43,959 73% of tax receipts

4-E. Changes in Beginning Balances

Governmental Activities

A prior period adjustment has been made to record a net pension liability and related deferred outflows/inflows of resources at December 31, 2014. This adjustment was required with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This adjustment increased beginning net position by \$98,460.

A prior period adjustment has been made to adjust the balance of the landfill closure and post-closure care liability at December 31, 2014. This adjustment increased beginning net position by \$2,435,085.

General Fund

A prior period adjustment has been made to correct the balance of accounts receivable at December 31, 2014. This adjustment decreased beginning fund balance by \$59,199.

A prior period adjustment has been made to record the balance of prepaid items at December 31, 2014. This adjustment increased beginning fund balance by \$239,593.

A prior period adjustment has been made to record the balance of claims and judgements payable at December 31, 2014. This adjustment decreased beginning fund balance by \$110,296.

The net effect of these adjustments was to increase beginning fund balance in the General Fund by \$70,098.

The net effect of these adjustments was to increase beginning net position in the Governmental Activities by \$2,603,643.

Health Department Component Unit

A prior period adjustment has been made to record a net pension liability and related deferred outflows/inflows of resources at December 31, 2014. This adjustment was required with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This adjustment decreased beginning net position by \$731,035.

4-F. Change in Financial Reporting Entity

Change in Financial Reporting Entity - Component Units - During 2015, the Murray County Hospital Authority was no longer a financial burden to the County, therefore it is no longer reported as a discretely presented component unit of the County.

Murray County, Georgia
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Years
Murray County Defined Benefit Plan
December 31, 2015
(Unaudited)

	<u>Year End</u>
	<u>2015</u>
Total pension liability	
Service cost	\$ 132,324
Interest	651,480
Benefit payments, including refunds of employee contributions	<u>(421,888)</u>
Net change in total pension liability	361,916
Total pension liability - beginning	<u>8,897,345</u>
Total pension liability - ending (a)	<u><u>\$ 9,259,261</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ 364,000
Net investment income	634,957
Benefit payments, including refunds of employee contributions	<u>(421,888)</u>
Administrative expense	<u>(23,041)</u>
Other	<u>(59,147)</u>
Net change in total pension liability	494,881
Plan fiduciary net position - beginning	<u>8,733,459</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 9,228,340</u></u>
 Net pension liability (asset) - ending : (a) - (b)	<u><u>\$ 30,921</u></u>
Plan's fiduciary net position as a percentage of the total pension liability	99.67%
Covered-employee payroll	\$ 4,231,406
Net pension liability as a percentage of covered-employee payroll	0.73%

Note: 2015 was the first year of implementation. Therefore, only one year is shown.

Murray County, Georgia
Required Supplementary Information
Schedule of Contributions
Last Ten Years
Murray County Defined Benefit Plan
December 31, 2015
(Unaudited)

	Year End
	2015
Actuarially determined contribution	\$ 364,000
Contributions in relation to the actuarially determined contribution	<u>(364,000)</u>
Contribution deficiency (excess)	\$ 0
 Covered-employee payroll	 \$ 4,231,406
Contributions as a percentage of covered-employee payroll	8.60%

Note: 2015 was the first year of implementation. Therefore, only one year is shown.

Murray County, Georgia
Notes to the Required Supplementary Information
For the Year Ended December 31, 2015

Note 1 - Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2014, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the year ended December 31, 2015.

Note 2 - Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry Age Normal

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 15 years

Asset valuation method = Smoothed market value with a 5-year smoothing period.

Net investment rate of return = 7.50%

Future salary increases = 3.00% per year with an age based scale

Cost of living adjustments = N/A

Normal retirement age = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table. Disabled rates were derived from a 1977 Social Security Administration study.

Note 3 - Changes in Benefits

The Plan closed to participants with an “Employment Commencement Date” or “Reemployment Commencement Date” on or after November 1, 2013.

Note 4 - Changes of Assumptions

The investment return was decreased from 7.75% to 7.5%.

The salary increase assumption (adjusted for participant’s age) was decreased from 6.0% to 3.0%.

Age and service based employee termination rates were revised.

Mortality table was changed.

Retirement rates were revised.

Funding method was changed from Projected Unit Credit to Entry Age Normal.

Murray County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Law Library	Confiscated Assets	E-911	Multi-grant	Substance Abuse	Hotel Motel	Nonmajor Governmental Funds
Assets							
Cash and cash equivalents	\$ 29,653	\$ 56,485	\$ -	\$ 11,161	\$ 15,496	\$ -	\$ 112,795
Receivables:							
Accounts	-	-	116,566	-	-	4,974	121,540
Intergovernmental	-	-		11,888	-	-	11,888
Total Assets	\$ 29,653	\$ 56,485	\$ 116,566	\$ 23,049	\$ 15,496	\$ 4,974	\$ 246,223
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ 3,056	\$ 10,215	\$ 114	\$ -	\$ 4,974	\$ 18,359
Accrued expenditures payable	-	-	24,591	-	-	-	24,591
Interfund payable	-	-	-	22,935	-	-	22,935
Total Liabilities	-	3,056	34,806	23,049	-	4,974	65,885
Fund Balances (Deficits)							
Restricted	29,653	53,429	-	-	15,496	-	98,578
Assigned	-	-	81,760	-	-	-	81,760
Total Fund Balances	29,653	53,429	81,760	-	15,496	-	180,338
Total Liabilities and Fund Balances	\$ 29,653	\$ 56,485	\$ 116,566	\$ 23,049	\$ 15,496	\$ 4,974	\$ 246,223

Murray County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Law Library	Confiscated Assets	E-911	Multi-grant	Substance Abuse	Hotel Motel	Nonmajor Governmental Funds
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,577	\$ 60,577
Intergovernmental	-	-	-	1,162,484	-	-	1,162,484
Charges for services	-	-	600,351	-	-	-	600,351
Fines and forfeitures	13,483	115,051	-	-	32,082	-	160,616
Contributions	-	-	-	112,866	-	-	112,866
Total Revenues	13,483	115,051	600,351	1,275,350	32,082	60,577	2,096,894
Expenditures							
Current:							
Public safety	-	120,509	700,660	56,868	27,059	-	905,096
Culture and recreation	-	-	-	101,109	-	-	101,109
Housing and development	-	-	-	1,088,037	-	43,959	1,131,996
Total Expenditures	-	120,509	700,660	1,246,014	27,059	43,959	2,138,201
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,483	(5,458)	(100,309)	29,336	5,023	16,618	(41,307)
Other Financing Sources (Uses)							
Transfers in	-	-	116,198	-	-	-	116,198
Transfers out	-	-	-	(29,336)	-	(16,618)	(45,954)
Total Other Financing Sources (Uses)	-	-	116,198	(29,336)	-	(16,618)	70,244
Net Change in Fund Balances	13,483	(5,458)	15,889	-	5,023	-	28,937
Fund Balances Beginning of Year	16,170	58,887	65,871	-	10,473	-	151,401
Fund Balances End of Year	<u>\$ 29,653</u>	<u>\$ 53,429</u>	<u>\$ 81,760</u>	<u>\$ -</u>	<u>\$ 15,496</u>	<u>\$ -</u>	<u>\$ 180,338</u>

Murray County, Georgia
General Fund
Comparative Balance Sheets
December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ 3,014,726	\$ 2,672,265
Restricted cash and cash equivalents	99,464	72,374
Receivables:		
Accounts	140,446	180,922
Property taxes	1,027,890	1,241,219
Sales taxes	259,511	250,544
Intergovernmental	153,611	70,502
Interfund	22,935	-
Prepaid items	<u>240,619</u>	<u>-</u>
Total Assets	<u><u>\$ 4,959,202</u></u>	<u><u>\$ 4,487,826</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	\$ 343,482	\$ 168,556
Accrued expenditures payable	295,893	266,370
Interfund payable	132,410	-
Funds held in escrow	99,464	72,374
Claims payable	<u>95,234</u>	<u>-</u>
Total Liabilities	<u>966,483</u>	<u>507,300</u>
Deferred Inflows of Resources	<u>390,357</u>	<u>638,021</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>1,356,840</u></u>	<u><u>1,145,321</u></u>
Fund Balances		
Nonspendable prepaid items	240,619	-
Unassigned	<u>3,361,743</u>	<u>3,342,505</u>
Total Fund Balances	<u><u>3,602,362</u></u>	<u><u>3,342,505</u></u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u><u>\$ 4,959,202</u></u>	<u><u>\$ 4,487,826</u></u>

Murray County, Georgia
General Fund

Schedule of Revenues and Other Financing Sources - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015					Variance With Final Budget
	Original Budget	Final Budget	Actual	2014		
				Actual		
Revenues						
Taxes						
General property tax	\$ 5,542,277	\$ 5,542,277	\$ 5,514,095	\$ (28,182)	\$ 5,972,629	
Timber tax	4,000	4,000	420	(3,580)	876	
Motor vehicle title ad valorem tax	900,000	900,000	925,731	25,731	878,957	
Motor vehicle tax	429,500	429,500	425,394	(4,106)	422,973	
Mobile home tax	85,000	85,000	90,289	5,289	83,735	
Recording intangibles tax	86,000	86,000	83,307	(2,693)	51,036	
GTS fee	10,000	10,000	-	(10,000)	4,228	
Railroad equipment tax	6,500	6,500	7,578	1,078	6,364	
Real estate transfer tax	65,000	65,000	75,136	10,136	57,639	
Insurance premium tax	1,746,000	1,746,000	1,806,330	60,330	1,686,828	
Local option sales tax	3,320,000	3,320,000	3,251,017	(68,983)	3,292,555	
Alcoholic beverage tax	171,000	171,000	176,179	5,179	167,475	
Financial institutions tax	34,000	34,000	22,251	(11,749)	67,739	
Franchise tax	200,000	200,000	248,398	48,398	227,590	
Penalties and interest on delinquent taxes	166,800	166,800	180,296	13,496	190,842	
Total Taxes	12,766,077	12,766,077	12,806,421	40,344	13,111,466	
Licenses and Permits						
Zoning	2,800	2,800	4,240	1,440	2,966	
Building permits	92,000	92,000	78,267	(13,733)	94,336	
Total Licenses and Permits	94,800	94,800	82,507	(12,293)	97,302	
Intergovernmental						
Tennessee Valley Authority	245,000	245,000	267,034	22,034	243,970	
Payments in lieu of taxes	215,000	215,000	217,908	2,908	77,371	
DOT road grants	459,200	459,200	753,054	293,854	458,677	
Total Intergovernmental	919,200	919,200	1,237,996	318,796	780,018	
Charges for Services						
Indigent and public defense	1,200	1,200	1,029	(171)	19,001	
Juvenile court fees	1,700	1,700	1,330	(370)	1,350	
Printing and copies	6,900	6,900	8,265	1,365	5,852	
Election qualifying fees	50	50	-	(50)	7,359	
Civil costs	105,000	105,000	101,521	(3,479)	-	
Child support fees	4,500	4,500	-	(4,500)	-	
Prisoner boarding and fees	24,700	24,700	52,794	28,094	43,906	
Officer and patrol services	218,600	218,600	11,908	(206,692)	256,439	
Civil fees	100,000	100,000	-	(100,000)	-	
Senior center	36,000	36,000	43,005	7,005	37,931	
Animal adoption	3,000	3,000	650	(2,350)	2,495	
Culture and recreation	132,800	132,800	151,992	19,192	158,150	
Transit	140,000	140,000	109,581	(30,419)	112,567	
State transportation	140,000	140,000	21,121	(118,879)	96,870	
Landfill fees	10,000	10,000	2,496	(7,504)	7,238	
Proceeds from sale of recycled materials	4,300	4,300	3,187	(1,113)	6,006	
Road materials	13,000	13,000	26,246	13,246	9,998	
Chattahoochee Forest Land	62,000	62,000	63,633	1,633	63,886	
Total Charges for Services	1,003,750	1,003,750	598,758	(404,992)	829,048	
Totals Carried Forward	\$ 14,783,827	\$ 14,783,827	\$ 14,725,682	\$ (58,145)	\$ 14,817,834	

(continued)

Murray County, Georgia
General Fund
Schedule of Revenues and Other Financing Sources- Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

(continued)

	2015			
	Original Budget	Final Budget	Actual	Variance With Final Budget
				2014 Actual
Totals Brought Forward	\$ 14,783,827	\$ 14,783,827	\$ 14,725,682	\$ (58,145)
Fines and Forfeitures				
Probation Fees	29,000	29,000	26,252	(2,748)
Superior court	170,000	170,000	91,143	(78,857)
Probate court	190,000	190,000	163,737	(26,263)
Magistrate court	42,000	42,000	121,937	79,937
Penalty - jail	42,000	42,000	38,615	(3,385)
Bonding Fees	30,000	30,000	28,460	(1,540)
Victim assistance	24,400	24,400	21,615	(2,785)
Total Fines and Forfeitures	527,400	527,400	491,759	(35,641)
Miscellaneous Revenues				
Contributions	5,000	5,000	2,929	(2,071)
Insurance proceeds	126,100	126,100	39,203	(86,897)
Inmate phone commissions	30,000	30,000	52,826	22,826
Legal fees reimbursement	-	-	61,663	61,663
Pre-trial diversion	7,000	7,000	-	(7,000)
Restitution	2,000	2,000	3,093	1,093
4H assistant	9,490	9,490	9,490	-
Board of Education	36,000	36,000	178,206	142,206
Travel and training charges	1,500	1,500	9,230	7,730
Miscellaneous	30,200	30,200	83,237	53,037
Total Miscellaneous Revenues	247,290	247,290	439,877	192,587
Total Revenues	15,558,517	15,558,517	15,657,318	98,801
Other Financing Sources				
Transfers in	700,000	700,000	45,954	(654,046)
Proceeds from the sale of assets	10,000	10,000	11,122	1,122
Total Other Financing Sources	710,000	710,000	57,076	(652,924)
Total Revenues and Other Financing Sources	\$ 16,268,517	\$ 16,268,517	\$ 15,714,394	\$ (554,123)
				\$ 15,642,918

Murray County, Georgia
General Fund
Schedule of Expenditures and Other Financing Uses - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			Variance With Final Budget	2014 Actual
	Original Budget	Final Budget	Actual		
General Government					
County commissioner	\$ 253,750	\$ 253,750	\$ 242,650	\$ 11,100	\$ 220,961
Board of elections	97,495	97,495	100,732	(3,237)	129,952
General administration	3,375,483	3,375,483	3,527,028	(151,545)	4,092,986
Tax commissioner	374,825	374,825	398,886	(24,061)	344,242
Tax assessor	307,900	307,900	273,123	34,777	262,980
Board of equalization	17,300	17,300	17,076	224	15,281
Risk management	979,000	979,000	899,175	79,825	883,489
General government buildings	780,500	780,500	846,410	(65,910)	728,559
Total General Government	6,186,253	6,186,253	6,305,080	(118,827)	6,678,450
Judicial					
Superior court	199,531	199,531	219,457	(19,926)	218,249
Clerk of the superior court	288,350	288,350	281,767	6,583	271,121
District attorney	343,100	343,100	341,960	1,140	254,011
Magistrate court	250,025	250,025	251,521	(1,496)	244,237
Probate court	230,460	230,460	229,751	709	232,336
Juvenile court	172,508	172,508	168,667	3,841	164,483
Total Judicial	1,483,974	1,483,974	1,493,123	(9,149)	1,384,437
Public Safety					
Sheriff	1,815,900	1,815,900	1,735,606	80,294	1,818,063
Jail operations	1,941,700	1,941,700	1,937,425	4,275	1,783,478
Fire department	1,086,100	1,086,100	1,085,434	666	1,063,283
Coroner	37,177	37,177	30,132	7,045	33,640
Animal control	185,200	185,200	175,260	9,940	141,108
Emergency management agency	22,525	22,525	17,012	5,513	16,239
Total Public Safety	5,088,602	5,088,602	4,980,869	107,733	4,855,811
Public Works					
Administration	1,350,675	1,350,675	1,151,024	199,651	1,338,344
Solid waste and recycling administration	236,250	236,250	228,129	8,121	242,244
Total Public Works	1,586,925	1,586,925	1,379,153	207,772	1,580,588
Totals carried forward	\$ 14,345,754	\$ 14,345,754	\$ 14,158,225	\$ 187,529	\$ 14,499,286

(continued)

Murray County, Georgia
General Fund
Schedule of Expenditures and Other Financing Uses - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

(continued)

	2015			Variance With Final Budget	2014 Actual
	Original Budget	Final Budget	Actual		
Totals brought forward	\$ 14,345,754	\$ 14,345,754	\$ 14,158,225	\$ 187,529	\$ 14,499,286
Health and Welfare					
Senior citizen's center	153,700	153,700	155,074	(1,374)	157,498
Transportation services	281,325	281,325	251,688	29,637	284,492
Total Health and Welfare	435,025	435,025	406,762	28,263	441,990
Culture and Recreation					
Recreation	553,300	553,300	533,041	20,259	515,687
Housing and Development					
Agricultural resources	73,793	73,793	67,725	6,068	57,297
Forest resources	6,900	6,900	6,867	33	6,867
Code enforcement	51,240	51,240	49,346	1,894	49,446
Building inspections	44,900	44,900	43,540	1,360	45,023
Land and use development	138,030	138,030	134,311	3,719	138,793
Community and economic development	3,050	3,050	8,620	(5,570)	-
Total Housing and Development	317,913	317,913	310,409	7,504	297,426
Total Expenditures	15,651,992	15,651,992	15,408,437	243,555	15,754,389
Other Financing Uses					
Contingencies	616,525	616,525	-	616,525	-
Transfers out	-	-	116,198	(116,198)	15,280
Total Expenditures and Other Financing Uses	\$ 16,268,517	\$ 16,268,517	\$ 15,524,635	\$ 743,882	\$ 15,769,669

Murray County, Georgia
Law Library Fund
Comparative Balance Sheets
December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	<u>\$ 29,653</u>	<u>\$ 16,170</u>
Fund Balances		
Restricted for law library operations	<u>\$ 29,653</u>	<u>\$ 16,170</u>

Law Library Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Fines and forfeitures	\$ 10,000	\$ 10,000	\$ 13,483	\$ 3,483	\$ 13,157
Investment earnings	-	-	-	-	1
Total Revenues	10,000	10,000	13,483	3,483	13,158
Expenditures					
Current:					
Judicial	10,000	10,000	-	10,000	361
Excess of Revenues Over Expenditures	\$ -	\$ -	13,483	\$ 13,483	12,797
Fund Balances Beginning of Year			16,170		3,373
Fund Balances End of Year			\$ 29,653		\$ 16,170

Murray County, Georgia
Confiscated Assets Fund
Comparative Balance Sheets
December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	<u>\$ 56,485</u>	<u>\$ 59,682</u>
Liabilities		
Accounts payable	\$ 3,056	\$ 795
Fund Balances		
Restricted for public safety activities	<u>53,429</u>	<u>58,887</u>
Total Liabilities and Fund Balances	<u>\$ 56,485</u>	<u>\$ 59,682</u>

Murray County, Georgia
Confiscated Assets Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance With Final Budget	
Revenues					
Fines and forfeitures	\$ 62,500	\$ 62,500	\$ 115,051	\$ 52,551	\$ 72,885
Expenditures					
Current:					
Public safety	<u>62,500</u>	<u>62,500</u>	<u>120,509</u>	<u>(58,009)</u>	<u>66,338</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>(5,458)</u></u>	<u><u>\$ (5,458)</u></u>	<u><u>6,547</u></u>
Fund Balances Beginning of Year			<u><u>58,887</u></u>		<u><u>52,340</u></u>
Fund Balances End of Year			<u><u>\$ 53,429</u></u>		<u><u>\$ 58,887</u></u>

Murray County, Georgia
E-911 Fund
Comparative Balance Sheets
December 31, 2015 and 2014

	2015	2014
Assets		
Accounts receivable	\$ 116,566	\$ 115,321
	<hr/>	<hr/>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 10,215	\$ 26,520
Accrued expenditures payable	24,591	22,930
	<hr/>	<hr/>
Total Liabilities	34,806	49,450
Fund Balances (Deficit)		
Assigned to E-911 system operations	81,760	65,871
	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 116,566	\$ 115,321
	<hr/>	<hr/>

Murray County, Georgia
E-911 Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Charges for services	\$ 942,950	\$ 942,950	\$ 600,351	\$ (342,599)	\$ 661,009
Expenditures					
Current:					
Public safety	<u>752,950</u>	<u>752,950</u>	<u>700,660</u>	<u>52,290</u>	<u>700,285</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>190,000</u>	<u>190,000</u>	<u>(100,309)</u>	<u>(290,309)</u>	<u>(39,276)</u>
Other Financing Sources and Uses					
Transfers in	10,000	10,000	116,198	106,198	15,280
Transfers out	(200,000)	(200,000)	-	200,000	-
Total Other Financing Sources and Uses	<u>(190,000)</u>	<u>(190,000)</u>	<u>116,198</u>	<u>306,198</u>	<u>15,280</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>15,889</u>	<u>\$ 15,889</u>	<u>(23,996)</u>
Fund Balances Beginning of Year			<u>65,871</u>		<u>89,867</u>
Fund Balances (Deficits) End of Year			<u>\$ 81,760</u>		<u>\$ 65,871</u>

Murray County, Georgia
Multi-grant Fund
Comparative Balance Sheets
December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ 11,161	\$ -
Intergovernmental receivables	<u>11,888</u>	<u>-</u>
Total Assets	<u>\$ 23,049</u>	<u>\$ -</u>
Liabilities		
Accounts payable	\$ 114	\$ -
Interfund payable	<u>22,935</u>	<u>-</u>
Total Liabilities	<u>\$ 23,049</u>	<u>\$ -</u>

Murray County, Georgia
Multi-grant Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Intergovernmental Contributions	\$ 20,000	\$ 20,000	\$ 1,162,484	\$ 1,142,484	\$ 62,205
	<u>-</u>	<u>-</u>	<u>112,866</u>	<u>112,866</u>	<u>-</u>
Total Revenues	20,000	20,000	1,275,350	1,255,350	62,205
Expenditures					
Current:					
Public safety	-	-	56,868	(56,868)	62,205
Culture and recreation	-	-	101,109	(101,109)	-
Housing and development	<u>20,000</u>	<u>20,000</u>	<u>1,088,037</u>	<u>(1,068,037)</u>	<u>-</u>
Total Expenditures	20,000	20,000	1,246,014	(1,226,014)	62,205
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	29,336	29,336	-
Other Financing Sources/Uses:					
Transfers Out	-	-	(29,336)	(29,336)	-
Net Change in Fund Balances	\$ -	\$ -	-	\$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			\$ -		\$ -

Murray County, Georgia
Substance Abuse Fund
Comparative Balance Sheets
December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	<u>\$ 15,496</u>	<u>\$ 10,473</u>
Fund Balances		
Restricted for public safety activities	<u>\$ 15,496</u>	<u>\$ 10,473</u>

Murray County, Georgia
Substance Abuse Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Fines and forfeitures	\$ 27,000	\$ 27,000	\$ 32,082	\$ 5,082	\$ 33,599
Expenditures					
Current:					
Public safety	<u>27,000</u>	<u>27,000</u>	<u>27,059</u>	<u>(59)</u>	<u>25,474</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>5,023</u>	<u>\$ 5,023</u>	<u>8,125</u>
Fund Balances Beginning of Year			<u>10,473</u>		<u>2,348</u>
Fund Balances End of Year			<u>\$ 15,496</u>		<u>\$ 10,473</u>

Murray County, Georgia
Hotel Motel Fund
Comparative Balance Sheets
December 31, 2015 and 2014

	2015	2014
Assets		
Accounts receivable	<u>\$ 4,974</u>	<u>\$ 3,367</u>
Liabilities		
Accounts payable	<u>\$ 4,974</u>	<u>\$ 3,367</u>

Murray County, Georgia
Hotel Motel Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	2015			2014	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Hotel motel taxes	\$ 60,000	\$ 60,000	\$ 60,577	\$ 577	\$ 63,946
Expenditures					
Current:					
Housing and development	<u>60,000</u>	<u>60,000</u>	<u>43,959</u>	<u>16,041</u>	<u>63,946</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	16,618	16,618	-
Other Financing Sources/Uses:					
Transfers Out	<u>-</u>	<u>-</u>	<u>(16,618)</u>	<u>(16,618)</u>	<u>-</u>
Net Change in Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			<u><u>\$ -</u></u>		<u><u>\$ -</u></u>

Murray County, Georgia
2013 SPLOST Fund
Comparative Balance Sheets
December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ 921,947	\$ 1,920,181
Sales taxes receivable	308,687	297,852
Interfund receivable	132,410	-
Total Assets	<u>\$ 1,363,044</u>	<u>\$ 2,218,033</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 92,005	\$ 93,258
Fund Balances		
Restricted for capital projects	1,271,039	2,124,775
Total Liabilities and Fund Balances	<u>\$ 1,363,044</u>	<u>\$ 2,218,033</u>

Murray County, Georgia
2013 SPLOST Fund
Comparative Statements of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2015 and 2014

	2015	2014
Revenues		
Sales taxes	\$ 3,863,944	\$ 3,914,401
Intergovernmental	132,410	-
Investment earnings	<u>6,055</u>	<u>5,069</u>
Total Revenues	<u>4,002,409</u>	<u>3,919,470</u>
Expenditures		
Intergovernmental	482,993	489,300
Capital Outlay	<u>4,373,152</u>	<u>3,743,828</u>
Total Expenditures	<u>4,856,145</u>	<u>4,233,128</u>
Deficiency of Revenues (Under) Expenditures	(853,736)	(313,658)
Fund Balances Beginning of Year	<u>2,124,775</u>	<u>2,438,433</u>
Fund Balances End of Year	<u>\$ 1,271,039</u>	<u>\$ 2,124,775</u>

Murray County, Georgia
Chip 2007 Fund
Comparative Statements of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2015 and 2014

	2015	2014
Revenues		
Intergovernmental	\$ -	\$ -
Expenditures		
Current:		
Housing and development	-	1
(Deficiency) of Revenues (Under) Expenditures	-	(1)
Fund Balances Beginning of Year	-	1
Fund Balances End of Year	\$ -	\$ -

Murray County, Georgia
Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended December 31, 2015

	Balance 1/1/2015	Additions	Deductions	Balance 12/31/2015
TAX COMMISSIONER				
Assets				
Cash and cash equivalents	\$ 224,427	\$ 22,633,352	\$ 22,443,877	\$ 413,902
Liabilities				
Due to others	<u>\$ 224,427</u>	<u>\$ 22,633,352</u>	<u>\$ 22,443,877</u>	<u>\$ 413,902</u>
CLERK OF SUPERIOR COURT				
Assets				
Cash and cash equivalents	\$ 290,063	\$ 1,902,856	\$ 1,894,062	\$ 298,857
Liabilities				
Due to others	<u>\$ 290,063</u>	<u>\$ 1,902,856</u>	<u>\$ 1,894,062</u>	<u>\$ 298,857</u>
SHERIFF				
Assets				
Cash and cash equivalents	\$ 48,329	\$ 374,306	\$ 391,780	\$ 30,855
Liabilities				
Due to others	<u>\$ 48,329</u>	<u>\$ 374,306</u>	<u>\$ 391,780</u>	<u>\$ 30,855</u>
PROBATE COURT				
Assets				
Cash and cash equivalents	\$ 8,806	\$ 338,002	\$ 327,905	\$ 18,903
Liabilities				
Due to others	<u>\$ 8,806</u>	<u>\$ 338,002</u>	<u>\$ 327,905</u>	<u>\$ 18,903</u>
MAGISTRATE COURT				
Assets				
Cash and cash equivalents	\$ 32,090	\$ 305,401	\$ 305,314	\$ 32,177
Liabilities				
Due to others	<u>\$ 32,090</u>	<u>\$ 305,401</u>	<u>\$ 305,314</u>	<u>\$ 32,177</u>
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 603,715	\$ 25,553,917	\$ 25,362,938	\$ 794,694
Liabilities				
Due to others	<u>\$ 603,715</u>	<u>\$ 25,553,917</u>	<u>\$ 25,362,938</u>	<u>\$ 794,694</u>

NOTE: The January 1, 2015 balance for cash and cash equivalents and due to others has been restated by \$187,529 in the Tax Commissioner Agency Fund and by \$10,428 in the Magistrate Court Agency Fund.

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**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***

Honorable Commissioner
Murray County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Murray County, Georgia, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Murray County, Georgia's basic financial statements and have issued our report thereon dated August 4, 2016. Our report includes a reference to other auditors who audited the financial statements of the Murray County Health Department, as described in our report on Murray County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that were reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Murray 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 Murray County's internal control. Accordingly, we do not express an opinion on the effectiveness of Murray County'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 questioned costs, we identified deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

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 deficiencies described in the accompany schedule of findings and questioned costs as items 2015-002 through 2015-010 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Murray County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 questioned costs as item 2015-011.

Murray County, Georgia's Responses to Findings

Murray County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Murray County'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 Murray County, Georgia'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia

August 4, 2016

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Commissioner
Murray County, Georgia

Report on Compliance for Each Major Federal Program

We have audited Murray County, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Murray County, Georgia's major federal programs for the year ended December 31, 2015. Murray County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Murray County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Murray County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Murray County, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, Murray County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of Murray County, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Murray County, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Murray County, Georgia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants
Gainesville, Georgia
August 4, 2016

Murray County, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Number	Expenditures
Department of Agriculture			
Schools and Roads - Grants to States	10.665	N/A	\$ 63,633
Department of Housing and Urban Development			
Passed through the Georgia Department of Community Affairs: Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	14q-y-105-1-5713	500,000
Department of the Interior			
Payments in Lieu of Taxes	15.226	N/A	78,460
Department of Transportation			
Passed through the Georgia Department of Transportation: Highway Planning and Construction	20.205	0012697	146,249
Formula Grants for Rural Areas	20.509	T005190 T005564	85,376 62,213 147,589
Total Department of Transportation			293,838
Department of Homeland Security			
Passed through the Georgia Emergency Management Agency: Emergency Management Performance Grants	97.042	OEM15	11,888
Passed through the Georgia Emergency Management Agency: Homeland Security Grant Program	97.067	EMW-2014-SS-00065-S01	12,757
Total Department of Homeland Security			24,645
Total Federal Awards			\$ 960,576

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

Murray County, Georgia
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2015

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Murray County, Georgia, under programs for the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. De Minimis Indirect Cost Rate

Murray County, Georgia has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Murray County, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
14.228 Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Murray County, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

2. *Financial Statement Findings and Responses*

2015-001

Condition: The 2014 financial statements were restated for errors and incorrectly reported amounts in the Governmental Activities and General Fund.

Criteria: Generally accepted accounting principles require that accruals be properly calculated and recorded.

Effect: Failure to properly apply generally accepted accounting principles led to financial statements that were materially misstated.

Recommendation: Management should review their year-end procedures for recording assets and liabilities.

Management Response: Management concurs with this finding. The Finance Director will review all year-end accruals to ensure they are properly calculated and recorded. This action was taken immediately upon receipt of the comment from our auditors.

2015-002

Condition: While performing audit procedures on receipts for alcoholic beverage licenses, we noted instances where deposits were not made timely. We noted 9 of 20 (45%) receipts tested were held for more than seven days before depositing.

Criteria: Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. Management has advised the department head to implement the recommendation and to ensure that deposits are made timely. This action was taken immediately upon receipt of the comment from our auditors.

2015-003

Condition: While performing audit procedures on receipts for building permits, we noted instances where deposits were not made timely. We noted 14 of 40 (35%) receipts tested were held for more than seven days before depositing.

Criteria: Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. Management has advised the department head to implement the recommendation and to ensure that deposits are made timely. This action was taken immediately upon receipt of the comment from our auditors.

Murray County, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

2. *Financial Statement Findings and Responses, continued*

2015-004

Condition: While performing audit procedures at the Tax Commissioner's office, we noted that tag and title back-outs had no evidence of approval.

Criteria: Proper internal controls require that all transactions be properly approved.

Effect: Failure to maintain an appropriate approval process for tag and title back-outs subjects the assets of the County to greater risk of misappropriation.

Recommendation: All tag and title back-outs should have evidence of approval by management.

Management Response: Management has provided a copy of this finding to the appropriate Elected Official and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

2015-005

Condition: While performing audit procedures on journal entries, we noted that journal entries did not have proper supporting documentation or evidence of approval. All journal entries reviewed during audit procedures appeared appropriate.

Criteria: Proper segregation of duties requires that the duties of authorizing and recording adjustments to the general ledger be performed by different employees.

Effect: Failure to properly segregate the duties of authorizing and recording adjustments to the general ledger exposes the County to a greater risk of loss due to fraud.

Recommendation: In order to provide adequate segregation of duties, someone other than the person recording the adjustments should review and document approval of the adjustments.

Management Response: Management concurs with this finding. The County will maintain supporting documentation and evidence of approval for all journal entries made. This action was taken immediately upon receipt of the comment from our auditors.

2015-006

Condition: While performing audit procedures at the Probate Court, we noted that there is a lack of segregation of duties. The clerk does all of the receiving, daily balancing, prepares and signs all checks, and delivers the deposits to the bank.

Criteria: Proper internal controls require adequate segregation of duties.

Effect: Failure to maintain adequate segregation of duties subjects the assets of the County to greater risk of misappropriation.

Recommendation: To ensure that sufficient internal controls are in place, the Probate Court should properly segregate duties.

Management Response: Management has provided a copy of this finding to the appropriate Elected Official and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

Murray County, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

2. *Financial Statement Findings and Responses, continued*

2015-007

Condition: While performing audit procedures at the Probate Court, we noted that there is no approval process for voided transactions.

Criteria: Proper internal controls require that all voided transactions are properly approved.

Effect: Failure to maintain proper supporting documentation with evidence of approval for voided transactions subjects the assets of the County to greater risk of misappropriation.

Recommendation: Supporting documentation with evidence of approval should be retained at the Court's office.

Management Response: Management has provided a copy of this finding to the appropriate Elected Official and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

2015-008

Condition: While performing audit procedures at the Magistrate Court, we noted that bank reconciliations were not performed every month. Year-end reconciliations for 12/31/14 and 12/31/15 were not available upon request.

Criteria: Proper internal controls require that cash accounts be reconciled to the general ledger in a timely manner, usually monthly.

Effect: Failure to reconcile cash accounts exposes the County to greater risk of loss and may lead to management decisions based on incorrect information.

Recommendation: Although some months do have limited activity, we recommend that bank reconciliations be prepared and reviewed on a monthly basis.

Management Response: Management has provided a copy of this finding to the appropriate Elected Official and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

2015-009

Condition: While performing audit procedures at the Magistrate Court, we noted that there is no approval process for voided transactions.

Criteria: Proper internal controls require that all voided transactions are properly approved.

Effect: Failure to maintain proper supporting documentation with evidence of approval for voided transactions subjects the assets of the County to greater risk of misappropriation.

Recommendation: Supporting documentation with evidence of approval should be retained at the Court's office.

Management Response: Management has provided a copy of this finding to the appropriate Elected Official and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

Murray County, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

2. *Financial Statement Findings and Responses, continued*

2015-010

Condition: While performing audit procedures at the Clerk of Court's office, we noted that there is no approval process for voided transactions.

Criteria: Proper internal controls require that all voided transactions are properly approved.

Effect: Failure to maintain proper supporting documentation with evidence of approval for voided transactions subjects the assets of the County to greater risk of misappropriation.

Recommendation: Supporting documentation with evidence of approval should be retained at the Court's office.

Management Response: Management has provided a copy of this finding to the appropriate Elected Official and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

2015-011

Condition: The County experienced a material excess of expenditures over appropriations in the General Fund, Confiscated Assets Special Revenue Fund, and Multi-grant Special Revenue Fund.

Criteria: OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund, each Special Revenue Fund, and each Debt Service Fund.

Effect: Failure to maintain expenditures within the balanced budgets and failure to adopt annual budgets as required by OCGA Code Section 36-81-3 will place the County in violation of state law.

Recommendation: Budget to actual comparisons should be periodically reviewed by County management and budgets amended as needed to ensure that the County remains in compliance with state law.

Management Response: Management concurs with this finding. The Finance Director will review budget to actual comparisons and recommend any necessary budget revisions to the Commissioner. This action was taken immediately upon receipt of the comment from our auditors.

3. *Federal Award Findings and Questioned Costs*

The audit of the basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Murray County, Georgia
Schedule of Projects Financed with Special
Purpose Local Option Sales Tax
From Inception and for the Year Ended December 31, 2015

SPLOST Projects	Expenditures				Estimated % of Completion	
	Original	Current	Prior Years	Current Year		
SPLOST 2013						
Roads & Bridges:						
Infrastructure	\$ 8,724,300	\$ 8,724,300	\$ 758,761	\$ 1,147,307	\$ 1,906,068 22%	
Road construction equipment/vehicles	1,077,000	1,077,000	268,071	275,837	543,908 51%	
Total Road & Bridges, Water & Sewer	9,801,300	9,801,300	1,026,832	1,423,144	2,449,976	
Other Projects:						
Fire Department (Spring Place)	810,000	810,000	-	-	- 0%	
Emergency Center Fire Department 1	24,100	24,100	-	-	- 0%	
Recreation buildings and equipment	705,000	705,000	84,657	850,764	935,421 133%	
Hospital equipment and debt reduction	6,232,400	6,232,400	1,352,314	1,200,000	2,552,314 41%	
Communication/Technical System	842,900	842,900	1,248,092	661,498	1,909,590 227%	
Public safety vehicles and equipment	3,381,000	3,381,000	263,501	163,373	426,874 13%	
Economic Development Projects	200,000	200,000	204,241	40,226	244,467 122%	
General Buildings and equipment	1,628,300	1,628,300	392,210	34,147	426,357 26%	
Total Other Projects	13,823,700	13,823,700	3,545,015	2,950,008	6,495,023	
Contractual Payments:						
City of Chatsworth	2,835,000	2,835,000	803,045	405,714	1,208,759 43%	
City of Eton	540,000	540,000	152,901	77,279	230,180 43%	
	3,375,000	3,375,000	955,946	482,993	1,438,939	
	<u>\$ 27,000,000</u>	<u>\$ 27,000,000</u>	<u>\$ 5,527,793</u>	<u>\$ 4,856,145</u>	<u>\$ 10,383,938</u>	