Lumpkin County, Georgia

Auditor's Discussion & Analysis

Financial & Compliance Audit Summary

December 31, 2015

Presented by:

MAULDIN & JENKINS

Lumpkin County, Georgia

Auditor's Discussion & Analysis (AD&A)

December 31, 2015

PURPOSE OF THE AUDITOR'S DISCUSSION & ANALYSIS

- Engagement Team and Firm Information.
- Overview of:
  - Audit Opinion;
  - Financial Statements, Footnotes and Supplementary Information; and
  - Compliance Reports.
- Required Communications under Government Auditing Standards.
- Accounting Recommendations and Other Matters.
- Other Items and Closing Thoughts.
- Answer Questions.

Lumpkin County, Georgia

Auditor's Discussion & Analysis (AD&A)

December 31, 2015

MAULDIN & JENKINS – GOVERNMENTAL PRACTICE

General Information:

- Founded in ~1920. Large regional firm serving the Southeastern United States.
- Offices located in Macon, Atlanta, Albany, Bradenton, Chattanooga, and Birmingham.
- Approximately 260 personnel are employed at Mauldin & Jenkins.

Governmental Sector:

- Largest specific industry niche served by Firm representing 25% of Firm practice.
- Serve more governmental entities in the Southeast than any other certified public accounting firm requiring over 70,000 hours of service on an annual basis.
- Approximately 90 professional staff persons with current governmental experience.
- In past three (3) years, have served approx. 300 governments in the Southeast, including:
  - ✓ 85 cities;
  - ✓ **40 counties;**
  - ✓ 40 school systems and another 20 charter schools;
  - ✓ 40 state entities;
  - ✓ 80 special purpose entities (stand-alone entities: water/sewer, transit, gas, electric, airports, housing, development, other educational, retirement, libraries, etc.);
  - ✓ **Inclusive of the above, we serve over 80 water and sewer enterprise operations;**
  - ✓ Inclusive of the above, we serve 85 governments receiving the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- Auditor of a substantial part of the State of Georgia including approximately 30% of the State's General Fund, and a substantial number of the State of Georgia's component units.
- Experience performing forensic audit services and information technology consultations.
- Experience performing municipal bond debt issuance attestation services serving clients with over $11.0 billion in aggregate publicly issued debt instruments.
- 10th highest level of Single Audits conducted in U.S.A. approximating $8.0 billion annually.

Engagement Team Leaders for Lumpkin County Include:

- Adam Fraley - Engagement Lead Partner - 19 years experience, 100% governmental
- Christopher McKellar - Manager - 11 years experience, 100% governmental

MAULDIN & JENKINS – ADDITIONAL INFOMATION

Other Industries & Services by Mauldin & Jenkins:

Each of Mauldin & Jenkins' offices provides a wide variety of services to a broad range of clientele. We have partners and managers who are responsible for specialized practice areas of auditing and accounting, taxes and management advisory services. Their purpose, as leaders in the particular practice area, is to establish policies with respect to technical matters in these specific areas and ensure that the quality of the Firm's practice is maintained.

Industries Served: Over the years our partners have developed expertise in certain industries representative of a cross section of the Georgia economy, including:

- Governmental Entities (state entities, cities, counties, school systems, business type operations, libraries, and other special purpose entities)
- SEC Registrants
- Wholesale Distribution
- Agri-Businesses
- Manufacturing
- Professional Services
- Employee Benefit Plans
- Financial Institutions (community banks, savings & loans, thrifts, credit unions, mortgage companies, and finance companies)
- Non-Profit Organizations
- Retail Businesses
- Long-term Healthcare
- Construction & Development
- Individuals, Estates and Trusts
- Real Estate Management

Services Provided: This diversity of practice enables our personnel to experience a wide variety of business, accounting and tax situations. We provide the traditional and not-so-traditional services such as:

- Financial Audit / Review / Compilation
- Compliance Audits & Single Audits
- Agreed-Upon Procedures
- Forensic Audits
- Bond Issuance Services
- Performance Audits
- State Sales Tax Matters
- International Tax Matters
- Business & Strategic Planning
- Profitability Consulting
- Budgeting
- Buy-Sell Agreements & Business Valuation Issues
- Income Tax Planning & Preparation
- Multi-State Income Tax Issues
- Information Systems Consulting
- Cost Accounting Analysis
- Healthcare Cost Reimbursement
- Outsourced Billing Services
- Fixed Asset Inventories
- Succession & Exit Strategy Consulting
- Estate Planning
- Management Information Systems
- Employee Benefit Plan Administration
- Merger / Acquisition & Expansion Financing

INDEPENDENT AUDITOR'S REPORT

The independent auditor's report has specific significance to readers of the financial report.

Management's Responsibility for the Financial Statements

The financial statements are the responsibility of management.

Auditor's Responsibility

Our responsibility, as external auditors, is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We planned and performed our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We did not audit the financial statements of the Lumpkin County Department of Public Health or the Development Authority of Lumpkin County (component units of Lumpkin County). Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the Lumpkin County Department of Public Health and the Development Authority of Lumpkin County is based solely on the report of other auditors.

Opinion

We have issued an unmodified audit report (i.e., "clean opinion"). The respective financial statements are considered to present fairly the financial position and results of operations as of, and for the year ended December 31, 2015.

Emphasis of Matter

The financial statements reflect the implementation of certain new pronouncements, and our opinions are not modified with respect to them.

Other Matters

Certain required supplementary information and other information is included in the financial report, and as directed by relevant auditing standards, we have not expressed an opinion or provided any assurance on the respective information.

Other Reporting

Government Auditing Standards require auditors to issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. We have issued such a report and reference to this report is included in the independent auditor's report.

REVIEW OF COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

General Information About the CAFR

A Comprehensive Annual Financial Report (CAFR) goes beyond the normal financial reporting required by accounting principles generally accepted in the United States. A CAFR includes at a minimum the following elements/sections:

- **Introductory Section:** general information on the County's structure and the services it provides.
  - Letter of Transmittal
  - Organizational Chart
  - Directory of Officials
  - Certificate of Achievement for Excellence in Financial Reporting

- **Financial Section:** basic financial statements, footnotes and required supplementary information along with the auditor's report.
  - Independent Auditor's Report
  - Management Discussion & Analysis (MD&A)
  - Financial Statements and Footnotes

- **Statistical Section:** broad range of financial, demographic information useful in assessing the County's economic condition, and this information covers multiple years.
  - Financial Trends Information
  - Revenue Capacity Information
  - Debt Capacity Information
  - Operating Information

A CAFR goes far beyond the basic requirements of annual financial reporting, and the County should be commended for going beyond the minimum and providing such a report.

OVERVIEW OF FINANCIAL STATEMENTS

The County's basic financial statements include three components:

1) Government-wide financial statements;
2) Fund financial statements; and
3) Notes to the financial statements.

The **government-wide financial statements** provide a broad overview of all of the County's funds, as well as its discretely presented component units – the Lumpkin County Department of Public Health, the Lumpkin County Hospital Authority, the Lumpkin County Water and Sewerage Authority and the Development Authority of Lumpkin County. The *Statement of Net Position* presents information on all assets (and deferred outflows) and liabilities (and deferred inflows) of the County, with the resulting difference reported as net position. The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. Revenues are categorized as program revenues or general revenues. Expenses are categorized by function.

The **fund financial statements** more closely resemble the financial statements as presented prior to the adoption of GASB Statement No. 34. All of the funds of the County can be divided into three (3) categories: governmental funds (includes the General Fund), business-type funds, and fiduciary funds.

The County also includes, as part of the CAFR, the following information:

1) Special Purpose Local Option Sales Tax (SPLOST) Schedules and Report,

Government-Wide (Full-Accrual) Financial Statements

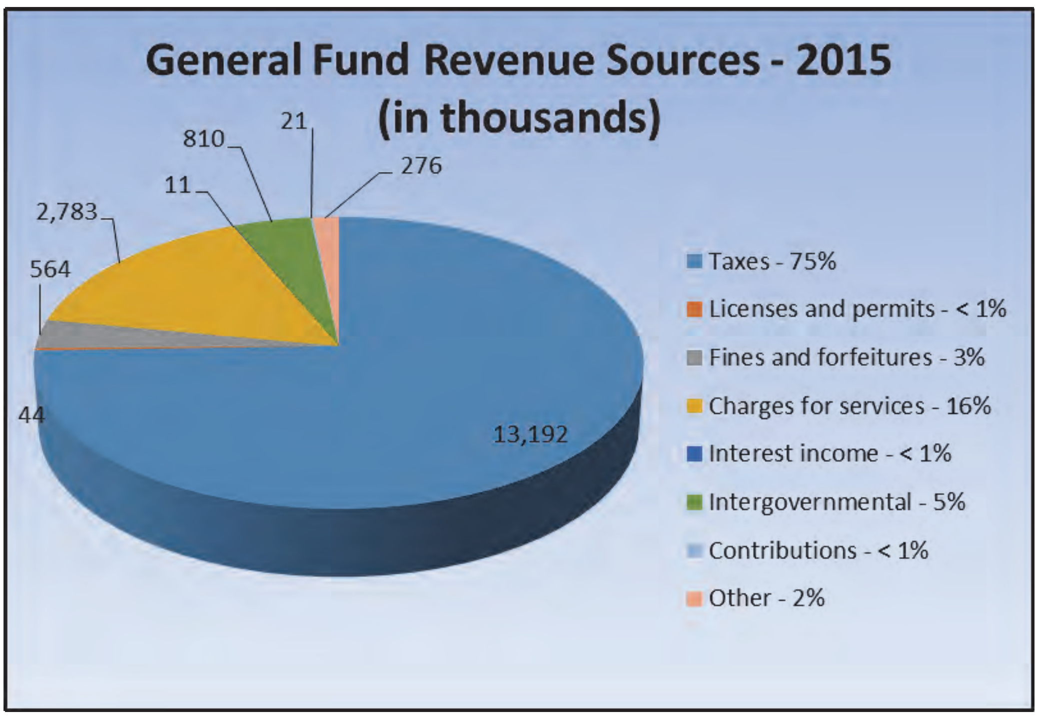
As noted above, the financial report of the County includes two (2) entity-wide financial statements: a *Statement of Net Position*; and a *Statement of Activities*.

Highlights of the government-wide statements notes total assets (and deferred outflows of resources) of approximately $104,400,000 offset by liabilities (and deferred inflows of resources) of approximately $27,500,000. This results in the County reported net position (or equity) of approximately $76,900,000. Also, a substantial element of the net position is composed of a net investment in capital assets in the approximate amount of $65,300,000. Restricted net position amounts to approximately $6,000,000 leaving unrestricted net position at $5,500,000.

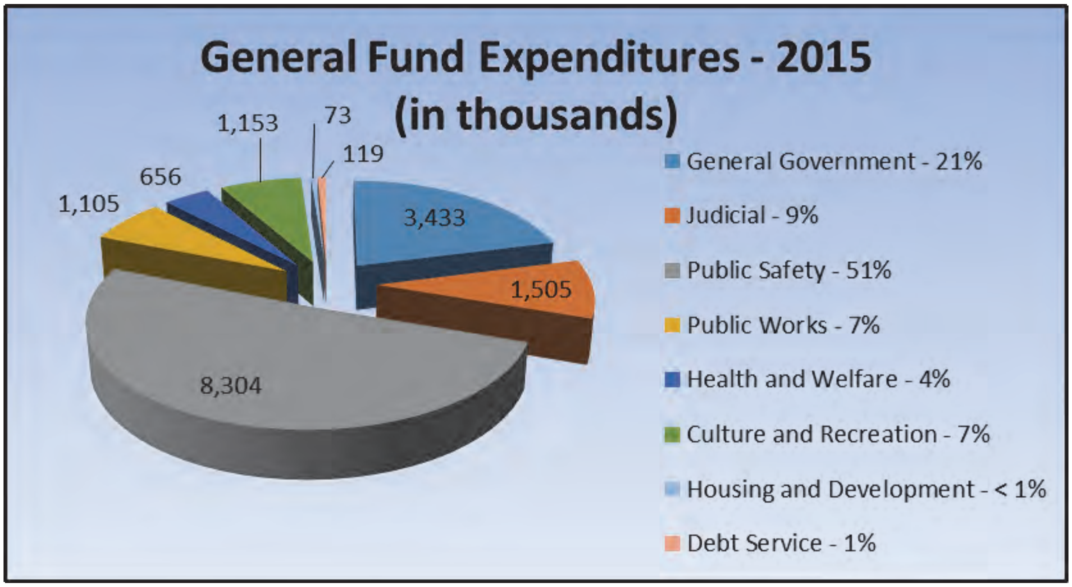
The *Statement of Activities* attempts to report expenses in the first column with direct offsetting program revenues to the adjacent columns to arrive a net cost of the functional areas of operation. General revenues (primarily property taxes and sales taxes) come to the rescue of the net cost functional areas resulting in the County reporting a change in net position of approximately $1,800,000 for the fiscal year ended December 31, 2015.

General Fund

Of primary interest to the County is the **General Fund**, which accounts for the majority of revenues received and funds expended in the operations of the County, including general government activities, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development. Additionally, the County reports capital outlays and debt service as separate line items in the financial statements. The following charts present the sources of revenues and the expenditures of the General Fund for the year ended December 31, 2015:

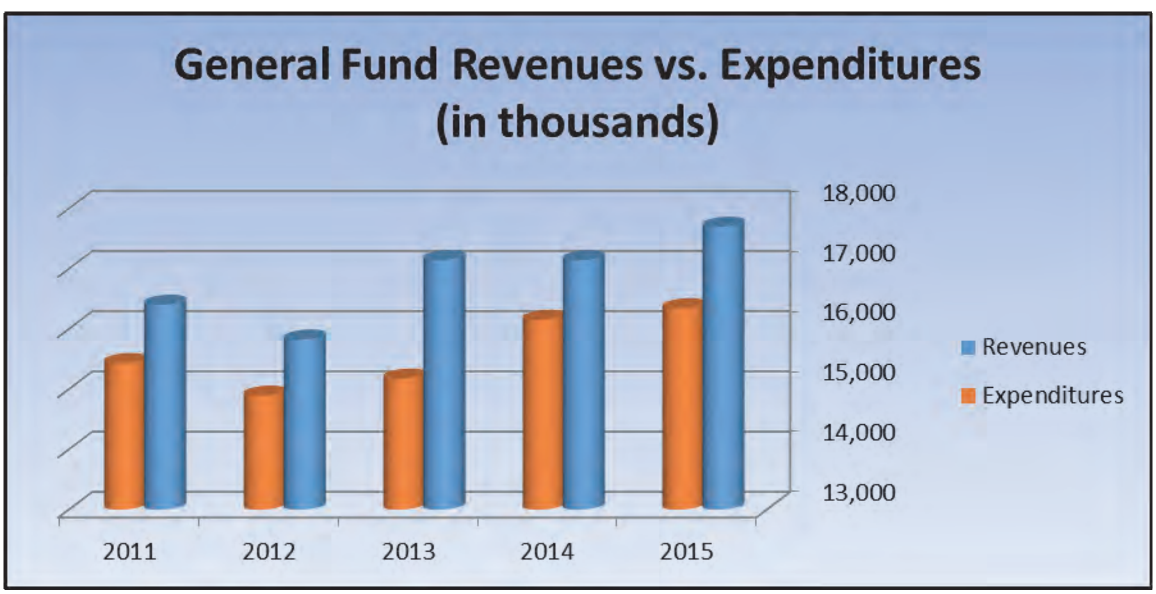


Total General Fund revenues for the year ended December 31, 2015 were $17,701,000. Revenues of the prior year were $17,145,000.



Total expenditures during the year ended December 31, 2015 were $16,347,000. Expenditures of the prior year were $16,154,000. The most significant variance was an increase in public safety expenditures of approximately $323,000.

More detailed explanations of variances can be found in the Management's Discussion and Analysis section of the financial statements. An analysis of General Fund revenues and expenditures for each of the last five fiscal years is as follows. It should be noted that other financing sources, such as transfers in and proceeds of debt, are included with the revenues. Other financing uses, such as transfers out, are included with the expenditures.



Fund balance of the General Fund at December 31, 2015 was approximately $6,429,000, a decrease from the prior year of approximately $441,000. It is important to note that fund balance does not necessarily equate to funds on hand available to spend. Fund balance is the difference between assets and liabilities and deferred inflows of resources, only some of which is cash and investments. The County reports certain amounts of fund balance as nonspendable (10%) and assigned (8%) leaving the remaining 82% of the County's fund balance at December 31, 2015 as unassigned and therefore available for spending.

Other Governmental Funds

The County also maintains eleven (11) *special revenue funds.* These funds account for revenues derived from specific sources which are legally restricted to finance particular functions or activities. *Debt service funds* are used to account for the accumulation of resources for payment of the County's long-term debt. The County maintains two (2) debt service funds. *Capital projects funds* are used to account for revenues and expenditures related to the renovation and/or construction of major capital assets. Four (4) capital projects funds are maintained by the County.

Business-Type Funds

The County maintains one (1) *proprietary fund* – the Solid Waste Management Fund. This fund accounts for the activities of the County's solid waste disposal program.

Agency Funds

The County maintains five (5) *agency funds* – the Tax Commissioner, the Sheriff, the Clerk of Courts, the Probate Court, and the Magistrate Court. These funds are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, support payments, and ad valorem and property taxes.

Footnotes

Note 1 – Accounting Policies: This footnote discusses the overall organization of the County and the nature of its operations. This note also discloses pertinent information regarding the governing body of the County.

This footnote continues by sharing with a reader of the financial statements the significant accounting policies and principles utilized in the preparation of the financial statements.

Footnotes (continued)

Note 2 – Reconciliation of Government-wide Financial Statements and Fund Financial Statements: This footnote provides additional detailed information that is not already shown within the financial statements themselves, on the differences between the County's fund level financial statements and its government-wide financial statements.

Note 3 – Legal Compliance – Budgets: This footnote discloses the County's procedures in establishing its annual budget and discloses excesses of actual expenditures over appropriations for the year, if any.

Note 4 – Deposits and Investments: This disclosure addresses common deposit and investment risks related to credit risk, custodial credit risk, and interest rate risk.

Note 5 – Receivables: This footnote discloses the County's property tax calendar and detailed information on various receivable (and allowances for doubtful receivables) balances.

Note 6 – Capital Assets: This footnote discloses the County's capital asset activity and its related accumulated depreciation for the year.

Note 7 – Interfund Receivables, Payables, and Transfers: This footnote discloses detailed information on the County's interfund balances and transfers and the purpose of these balances and transactions.

Note 8 – Long-Term Debt: This footnote discloses the County's long-term debt activity for the year, and other information and maturities for this long-term debt.

Notes 9 & 10 – Pension Plans: These footnotes disclose the details of the County's Defined Benefit Pension Plan and Defined Contribution Plan.

Note 11 – Risk Management: This footnote discloses the County's various risks of loss and the measures the County has taken to mitigate those potential losses.

Note 12 – Commitments and Contingencies: This footnote discloses the contingencies from potential litigation, claims, and assessments filed against the County and significant contractual and financial commitments and guarantees.

Note 13 – Joint Venture: This footnote discloses the County's relationship with the Georgia Mountain Regional Commission and the North Georgia Waste Management Authority.

Footnotes (continued)

Note 14 – Hotel/Motel Lodging Tax: This footnote discloses the County's tax rate for hotel/motel taxes, along with the amounts and nature of these revenues and expenditures.

Note 15 – Change in Accounting Principle: This footnote discloses the effects of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date* on the County's CAFR.

Note 16 – Subsequent Events: This footnote discloses the significant events that have occurred between the end of the County's fiscal year and the publication of the CAFR.

COMPLIANCE REPORTS

The financial report package contains one (1) compliance report.

Yellow Book Report: This compliance report is a report on our tests of the County's internal controls and compliance with laws, regulations, etc. The tests of internal controls were those we determined to be required as a basis for designing our financial statement auditing procedures. Such tests also considered the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. In accordance with the respective standards, the report is **not** intended to provide an opinion, but to provide a form of negative assurance as to the County's internal controls and compliance with applicable rules and regulations.

REQUIRED COMMUNICATIONS

The Auditor's Responsibility Under *Government Auditing Standards* and Auditing Standards Generally Accepted in the United States of America

Our audit of the financial statements of Lumpkin, Georgia (the "County") for the year ended December 31, 2015 was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplishes that objective.

In accordance with *Government Auditing* Standards, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the County's internal control or compliance with laws and regulations.

Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the County. There are several new accounting standards which will be required to be implemented in the coming years. These are discussed later in this document.

In considering the qualitative aspects of the County's accounting policies, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. The County's policies relative to the timing of recording of transactions are consistent with GAAP and typical government organizations.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We considered this information and the qualitative aspects of management's calculations in evaluating the County's significant accounting policies. Estimates significant to the financial statements include such items as: the estimated lives of depreciable assets; actuarial assumptions and concepts relative to the benefit plans; deferred revenues; valuation of financial and non-financial instruments; the estimated incurred-but-not-reported liabilities; conservation commitments; extraordinary items; and the estimated allowance for uncollectible accounts.

Financial Statement Disclosures

The footnote disclosures to the financial statements are also an integral part of the financial statements. The process used by management to accumulate the information included in the disclosures was the same process used in accumulating the financial statements, and the accounting policies described above are included in those disclosures. The overall neutrality, consistency, and clarity of the disclosures was considered as part of our audit and in forming our opinion on the financial statements.

Significant Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Representation from Management

We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without a problem.

Management's Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements. We are not aware of any consultations management had with us or other accountants about accounting or auditing matters. No major issues were discussed with management prior to our retention to perform the aforementioned audit.

Audit Adjustments

During our audit of the County's basic financial statements as of and for the year ended December 31, 2015, there were several adjustments proposed to the funds of the County. The detail of all proposed adjustments for each fund are included with our ADA package of information for your review and discussion. All adjustments have been discussed with management.

Uncorrected Misstatements

We proposed and passed on an audit adjustment. This proposed adjustment was to decrease prior year fund balance and payroll expenditures by $101,742 in the General Fund. The proposed adjustment was considered to be immaterial and did not require recording. No other uncorrected misstatements noted.

Independence

We are independent of the County, and all related organizations, in accordance with auditing standards promulgated by the American Institute of Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the County.

ACCOUNTING RECOMMENDATIONS AND RELATED MATTERS

Recommendations for Improvement and Other Matters

During our audit of the financial statements as of and for the year ended December 31, 2015, we noted some areas within the accounting and internal control systems that we believe can be improved. We have reported several findings (material weaknesses). Additionally, we noted certain items management should consider as part of its decision making process. Further, we noted other matters which we wish to communicate to you in an effort to keep the County abreast of accounting matters that could present challenges in financial reporting in future periods. Our recommendations and proactive thoughts and communications are presented in the following paragraphs.

Items Cited in the County's Financial Statements as Material Weaknesses

1) Revenues and related balance sheet accounts (Lumpkin County)

Internal controls should be in place to ensure that amounts reported as revenues and related balance sheet accounts are appropriate and properly valued in accordance with generally accepted accounting principles (GAAP). Misstatements were detected in the reporting of the County's revenues and related balance sheet accounts. During our testing of the County's General Fund activity for 2015, we noted that the County required an adjustment of approximately $48,000 to correctly report property tax revenue and related balance sheet accounts due to an error in the initial calculation of penalties and interest considered available. During our testing of the County's General Fund activity for 2015, we noted that the County was required to adjust property tax revenue and related balance sheet accounts in the amount of $57,000 for amounts that were received and recognized during the current year that were recorded as a receivable and revenue in the prior year. The amounts received during the current year should have relieved the receivable in lieu of being recognized as revenue in the current year. During our testing of the County's Multiple Grant Fund activity for 2015, we noted that the County was required to adjust intergovernmental revenue and related balance sheet accounts for advances received on grants that met all of the eligibility criteria and, therefore, should be recognized as revenue when received and not when expended. It was also noted that adjustments were required for intergovernmental revenues that were not considered available at December 31, 2015. The total amount of these adjustments was approximately $92,000. During our testing of the County's Capital Projects Fund activity for 2015, we noted that the County was required to adjust intergovernmental revenue and related balance sheet accounts in the amount of approximately $11,000 for a prior year receivable that was collected during the current year and, therefore, the receivable should have been relieved. We recommend the County carefully review all revenues and the related balance sheet accounts to ensure amounts are reported in the proper reporting period and include all activity in accordance with generally accepted accounting principles.

2) Liabilities and related expenditures (Lumpkin County)

Internal controls should be in place to ensure that amounts reported as expenditures and related balance sheet accounts are recognized as soon as a liability is incurred, regardless of the timing of the related cash flows, in accordance with generally accepted accounting principles (GAAP). Misstatements were detected in the reporting of the County's expenditures and related balance sheet accounts. During our testing of the County's SPLOST Fund activity for 2015, we noted that the County was required to adjust intergovernmental expenditures and related balance sheet accounts in the amount of $42,000 for amounts that should be accrued based on the percentage of SPLOST collections due to the City of Dahlonega. We recommend the County carefully review all expenditures and the related balance sheet accounts to ensure amounts are reported in the proper reporting period and include all activity in accordance with generally accepted accounting principles.

3) Bank Account Reconciliations (Lumpkin County Water & Sewerage Authority)

Internal controls should be in place to ensure that monthly reconciliations of the Authority's bank accounts are being performed, that all reconciling items are accounted for and properly posted in the Authority's general ledger, and that any remaining discrepancies between the general ledger balance and the adjustment bank balance be investigated and resolved immediately.

During our testing of the Authority's December 2015 bank reconciliations, we noted the main operating account (Revenue Fund) and the Security Deposit Account both included a line item for "manual adjustments" in the amounts of $4,046 and ($3,908). Our discussions with the Authority's accountant revealed that this "manual adjustments" amount is merely a function in the Authority's accounting system that allows you to force the bank account to reconcile and no detail exists for what comprises these amounts.

Due to the small size of Authority staff, monthly bank reconciliations are a significant control for the Authority. As such, we recommend that management perform complete reconciliations of all of the Authority's bank accounts on a monthly basis that includes the identification of any differences and resolution of these differences in a timely manner in order to protect the Authority from financial loss and in accordance with a sound internal control environment.

4) Capital Assets Reporting (Lumpkin County Water & Sewerage Authority)

During our testing of the Authority's capital asset balances, audit adjustments were required to record current year additions that were improperly coded to expense accounts ($52,500) and to record depreciation expense so that the general ledger agreed with the Authority's capital asset sub-ledger ($8,500). We recommend the Authority carefully review all of its current projects in progress and after all year-end adjustments are posted, compare the ending balances in the general ledger to the amounts reported in AssetKeeper to ensure agreement and reconciliation.

5) Accounts Payable and Related Balances (Lumpkin County Water & Sewerage Authority)

During our testing, certain audit adjustments were required to correctly report accounts payable and related balances of the Authority for the year ended December 31, 2015. Adjustments of approximately $71,000 were required to remove invoices that were accrued as accounts payable in previous periods. When these items were paid during 2015, the Authority improperly recorded the expense related to the vendor invoices again instead of relieving the liability that was created when the invoice was accrued in the prior period. Furthermore, an adjustment of approximately $21,000 was required to properly report balances related to customer refunds payable. Throughout 2015, the Authority's accounting system was incorrectly handling these transactions which resulted in the liability reporting a debit balance in the trial balance that was submitted for the audit. The audit adjustment was required to remove this debit balance and record the transactions in the correct account. We recommend the Authority begin performing monthly reconciliations of its accounts payable and related balance sheet accounts. Reconciliation of these accounts should include generating a detail list of the balances that comprise the account from the sub-ledger and comparing that balance to the general ledger to determine if any discrepancies exist.

6) Segregation of Duties (Lumpkin County Water & Sewerage Authority)

Segregation of employees' duties is a common practice in an effective internal control structure. Segregation of duties is when specific employee functions related to important accounting areas (such as the posting of journal entries, cash receipting and cash disbursing) are separated among different individuals to significantly reduce the risk that any one individual could intentionally or unintentionally misappropriate assets. Policies should be in place requiring the segregation of duties.

During the course of our testing, we noted that currently, there is not a proper segregation of duties among those who initiate journal entries, approve journal entries, and post journal entries to the general ledger. Without some segregation of duties and contingency plans to address employee vacancies when they occur, there is increased exposure that someone could intentionally or unintentionally misappropriate assets of the Authority. We recommend the Authority review its processes and determine where it can effectively segregate duties or implement other controls.

Recommendations for Improvement (Management Points)

1) Long outstanding checks

During our review of the Clerk of Court's liabilities that are recorded as due to others, we noted lump sum line items on the detail with the descriptions "BB&T Outstanding Checks" or "Sun Trust Outstanding Checks." Per discussion with Rita Harkins, Clerk of Court and review of detail reports, these balances make up old outstanding checks there were inherited from the previous clerk. Once Rita took office, the previous clerk's accounts at BB&T and SunTrust were closed and any monies remaining in those accounts were transferred to Rita's accounts at United Community Bank. In order to continue tracking the funds, Rita has included the balances in her reconciliations as "due to others" liabilities to offset the cash in her accounts. In our review of the detail of these items, we noted forty-one (41) checks with a total balance of $11,147.97 which are at least five (5) years old and should be escheated to the State in accordance with the unclaimed property laws. It was also noted that were an additional twenty-one (21) checks on the outstanding check listing with a total balance of $1,787.90 which are at least five (5) years old and should be escheated to the State in accordance with the unclaimed property laws. Therefore, in total there were sixty-two (62) checks with a total balance of $12,935.87 which are at least 5 years old and should be escheated to the State in accordance with the unclaimed property laws. We recommend management of the County and Clerk of Court remit these items to the Department of Revenue in accordance with State Statutes.

2) Clerk of Court

During our review of the Clerk of Court's liabilities that are recorded as due to others, we noted a few negative amounts on the listing. Per discussion with the Clerk of Court and review of detail reports, these balances are related to cases being transferred to other districts. The collections on these cases was originally paid out to the appropriate parties; however, when the case was transferred to another district the transfer fee was required to be paid to the other district. We recommend management of the County and Clerk of Court work together to make the account whole again as the fund Magistrate-Civil fund is reporting a deficiency of cash in the amount of $72.

3) Tax Commissioner

During our documentation of internal controls at the Tax Commissioner's Office, it was noted that the tax commissioner is not properly reconciling the amount of cash in bank to the amount of liabilities due to others. These reconciliations were performed at year end for the fiscal year. We recommend that a reconciliation be performed monthly.

4) Interfund balances

During our testing of the County's interfund balances, we noted that several due to balances did not match the offsetting due from balances at year end. In accordance with generally accepted accounting principles (GAAP) all interfund balances should net to zero. All differences were noted to be immaterial to each of the opinion units. We recommend the County reconcile all interfund balances at year end including amounts that are due from the agency funds.

5) Revenue recognition

During our testing of the County's General Fund activity for 2015, we noted the County was receiving donations for various activities. Our review of these donations noted that all eligibility criteria was met and, therefore, the donations should be recognized when received not when the donations are expended. As a result, an adjustment of approximately $52,000 was required to properly report revenues and related balance sheet accounts in accordance with generally accepted accounting principles.

6) Long-term liabilities

During our testing of the County's General Fund and Emergency Telephone System Fund activity for 2015, we noted the County recorded a liability for sick leave which was donated to a bank of hours that could be used by other employees at a later date. Upon further review and discussions with the County it was noted that these items were not considered a liability in accordance with generally accepted accounting principles. As a result, audit adjustments of approximately $127,000 were required to properly report expenditures and related balance sheet accounts in accordance with generally accepted accounting principles.

7) Magistrate Court

During our inquiry to gain an understanding of the Magistrate Court internal control procedures, it was noted that the office is not reconciling bank statements monthly. Many of these reconciliations were performed at or after year end. We recommend that reconciliations be performed monthly. These reconciliations should be performed by someone who is independent of receipting cash, preparing deposits, approving disbursements, and signing checks.

8) <u>Parks and Recreation</u>

During our inquiry to gain an understanding of internal controls, it was noted that the Parks and Recreation department had allowed patrons to run balances for services rendered. Many of these accounts were months in arrears and patrons continue to add to their balances and that some patrons were allowed a discount. It was also noted that petty cash was not reconciled daily and procedures should be implemented to ensure this is done on a daily basis. We recommend that strong financial controls and policy be instituted such that services are paid for at the time of service/registration.

<u>Other Matters for Communication to the Board and Management</u>

During our audit of the financial statements as of and for the year ended December 31, 2015, we noted other matters which we wish to communicate to you in an effort to keep the County abreast of accounting matters that could present challenges in financial reporting in future periods.

1) <u>New Governmental Accounting Standards Board (GASB) Pronouncements</u>

As has been the case for the past 10 years, GASB has issued several other new pronouncements which will be effective in future years. The following is a brief summary of the new standards:

a) **Statement No. 68, *Accounting and Reporting for Pensions*** and **Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an Amendment of GASB No. 68)*** are effective for the County's fiscal year ended December 31, 2015, and it has been adopted as part of the financial reports prepared and issued by the County as of and for the ended December 31, 2015. This pronouncement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures,* as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria, including agent and cost-sharing multiple employer plans.

   <u>Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time</u>, and to more comprehensively and comparably measure the annual costs of pension benefits.

   Relative to the County, the unfunded actuarial liabilities (net of certain deferred outflows and inflows) of the County's pension plan has been recorded in the net amount of approximately $760,100 which has effectively reduced net position (or equity) by the same amount.

The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

Defined Benefit Pension Plans. Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

Statement No. 68 calls for immediate recognition of more pension expense than is currently required. This includes immediate recognition of annual service cost and interest on the pension liability and immediate recognition of the effect on the net pension liability of changes in benefit terms. Other components of pension expense will be recognized over a closed period that is determined by the average remaining service period of the plan members (both current and former employees, including retirees). These other components include the effects on the net pension liability of: (1) changes in economic and demographic assumptions used to project benefits; and, (2) differences between those assumptions and actual experience. Lastly, the effects on the net pension liability of differences between expected and actual investment returns will be recognized in pension expense over a closed five-year period.

Statement No. 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense. These changes include:

- **Projections of Benefit Payments.** Projections of benefit payments to employees will be based on the then-existing benefit terms and incorporate projected salary changes and projected service credits (if they are factors in the pension formula), as well as projected automatic postemployment benefit changes (those written into the benefit terms), including automatic cost-of-living-adjustments (COLAs). For the first time, projections also will include ad hoc postemployment benefit changes (those not written into the benefit terms), including ad hoc COLAs, if they are considered to be substantively automatic.
- **Discount Rate.** The rate used to discount projected benefit payments to their present value will be based on a single rate that reflects (a) the long-term expected rate of return on plan investments as long as the plan net position is projected under specific conditions to be sufficient to pay pensions of current employees and retirees and the pension plan assets are expected to be invested using a strategy to achieve that return; and (b) a yield or index rate on tax-exempt 20-year, AA-or-

higher rated municipal bonds to the extent that the conditions for use of the long-term expected rate of return are not met.

- **Attribution Method.** Governments will use a single actuarial cost allocation method – "entry age," with each period's service cost determined as a level percentage of pay.

Note Disclosures and Required Supplementary Information. Statement No. 68 also requires employers to present more extensive note disclosures and RSI, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. Single and agent employers will disclose additional information, such as the composition of the employees covered by the benefit terms and the sources of changes in the components of the net pension liability for the current year. A single or agent employer will also present RSI schedules covering the past 10 years regarding:

- Sources of changes in the components of the net pension liability,
- Ratios that assist in assessing the magnitude of the net pension liability, and
- Comparisons of actual employer contributions to the pension plan with actuarially determined contribution requirements, if an employer has actuarially determined contributions.

Cost-sharing employers are required to present the RSI schedule of net pension liability, information about contractually required contributions, and related ratios.

Defined Contribution Pensions. The existing standards for governments that provide defined contribution pensions are largely carried forward in this new statement. These governments will recognize pension expenses equal to the amount of contributions or credits to employees' accounts, absent forfeited amounts. A pension liability will be recognized for the difference between amounts recognized as expense and actual contributions made to a defined contribution pension plan.

Special Funding Situations. Certain governments are legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another government. For example, a state may be legally required to contribute to a pension plan that covers local school districts' teachers. In specific circumstances called special funding situations, the statement requires governments that are non-employer contributing entities to recognize in their own financial statements their proportionate share of the other governmental employers' net pension liability and pension expense.

The changes noted above by Statement No. 68 are significant to Governments who sponsor retirement plans, and we strongly encourage County officials to continue to review the actual pronouncement and always consider the potential effects on the financial reporting of the County.

b) **Statement No. 69, *Government Combinations and Disposals of Government Operations*** is effective for the County's fiscal year ended December 31, 2015. This pronouncement primarily applies to governments involved in some form of mergers, acquisitions, transfers of operations or disposal of operations. Unless the County enters into any agreements whereby such actions are anticipated, this pronouncement should not affect the County. As of December 31, 2015, we are not aware of any applications of this pronouncement to the County, but County officials should proceed forward always considering the potential effects of any prospective government combinations and disposal of operations.

c) **Statement No. 72, *Fair Value Measurement and Application*** was issued in February of 2015, and is effective for financial statements for periods beginning after June 15, 2015 resulting in the County's fiscal year ending December 31, 2016.

This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of ***fair value*** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes, and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

This statement generally requires investments to be measured at fair value. An *investment* is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

This statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets were previously required to be measured at fair value.

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

d) **Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68*** was issued in June of 2015. The provisions of this standard are two (2) tiered. Amendments to GASB No 68 are required to be reported with the close of December 31, 2016. The elements of this pronouncement dealing with defined benefit pensions that are not within the scope of Statement No. 68 will have disclosure requirements effective as of December 31, 2016 and financial reporting requirements effective as of December 31, 2017.

The requirements of this statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and non-employer contributing entities.

This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities.

This statement also clarifies the application of certain provisions of Statements No.'s 67 and 68 with regard to the following issues:

- **Information** that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
- **Accounting** and financial reporting for separately financed specific liabilities of individual employers and non-employer contributing entities for defined benefit pensions.
- **Timing** of employer recognition of revenue for the support of non-employer contributing entities not in a special funding situation.

e) **Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*** was issued in June of 2015, and is effective for financial statements for periods beginning after June 15, 2016 resulting in the County's fiscal year ending December 31, 2017. This statement could easily be described as the GASB No. 67 for postemployment benefit plans due to the fact that it will closely follow the provisions of GASB No. 67 for pension plans.

The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.* It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures.*

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this statement includes OPEB plans (defined benefit and defined contribution) administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

The requirements of this statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The new information will enhance the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year.

The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability.

The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison with actuarially determined rates, if such rates are determined. In addition, new information about rates of return on OPEB plan investments will inform financial report users about the effects of market conditions on the OPEB plan's assets over time and provide information for users to assess the relative success of the OPEB plan's investment strategy and the relative contribution that investment earnings provide to the OPEB plan's ability to pay benefits to plan members when they come due.

f) **Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*** was issued in June of 2015, and is effective for financial statements for periods beginning after June 15, 2017 resulting in the County's fiscal year ending December 31, 2018. This statement could easily be described as the GASB No. 68 for postemployment benefit plans due to the fact that it will closely follow the provisions of GASB No. 68 for pension plans.

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity.

In this statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information.

g) **Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*** was issued in June of 2015, and is effective for financial statements for periods beginning after June 15, 2015 resulting in the County's fiscal year ending December 31, 2016. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

The objective of this statement is to identify (in the context of the current governmental financial reporting environment) the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two (2) categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

The requirements in this statement improve financial reporting by: (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

h) **Statement No. 77, *Tax Abatement Disclosures*** was issued in August of 2015, and is effective for financial statements for periods beginning after December 15, 2015 resulting in the County's fiscal year ending December 31, 2016.

Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this statement defines tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

This statement requires disclosure of tax abatement information about: (1) a reporting government's own tax abatement agreements; and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

This statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements.
- The specific taxes being abated.
- The gross dollar amount of taxes abated during the period.

i) Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* was issued in December of 2015, and is effective for financial statements for periods beginning after December 15, 2015 resulting in the County's fiscal year ending December 31, 2016.

This new pronouncement amends the scope and applicability of GASB No. 68 to **exclude** pensions provided via a cost-sharing multiple-employer defined benefit plan that meets the following:

- Plan is **not** a state or local government pension plan;
- Plan is used to provide defined benefit pensions to **both** governmental and private sector employees; and,
- Plan has **no predominant state or local governmental employer** (individually or collectively).

For plans described above, this standard establishes requirements for measurement and recognition of:

- Pension expense;
- Expenditures;
- Liabilities;
- Note disclosures; and,
- Required supplementary information (RSI).

We do not expect this pronouncement to affect the financial reporting of the County.

j) Statement No. 79, *Certain External Investment Pools and Pool Participants* was issued in December of 2015, and is effective for financial statements for periods beginning after June 15, 2015 resulting in the County's fiscal year ending December 31, 2016.

This pronouncement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

This new standard also establishes additional note disclosures for the pool and the pool participants. Specifically, the new disclosures address:

- How the external investment pool transacts with participants;
- Requirements for portfolio maturity, quality, diversification, and liquidity;
- Calculation and requirements of a shadow price (the amortized value rather than the assigned market value which is normally a nominal value of $1.00 per share).

If a pool does not meet the above specifics, then pool participants should measure their investments in that pool at fair value (and not at amortized cost), as provided by GASB No. 31. We do not expect this pronouncement to affect the financial reporting of the County.

k) **Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*** was issued in January of 2016, and is effective for financial statements for periods beginning after June 15, 2016 resulting in the County's fiscal year ending December 31, 2017.

This new standard amends the blending requirements established by paragraph 53 of GASB No. 14. This statement requires blending of not-for-profit component units whose primary government is the sole corporate member. This statement does not apply to component units included in the provisions of GASB No. 39. We do not expect this pronouncement to affect the financial reporting of the County.

l) **Statement No. 81, *Irrevocable Split-Interest Agreements*** was issued in March of 2016, and is effective for financial statements for periods beginning after December 15, 2016 resulting in the County's fiscal year ending December 31, 2017.

Irrevocable split-interest agreements (which are prevalent at colleges and universities) whereby split-interest agreements in which an asset is given to a government in trust. During stated term of the trust the income generated by the trust goes to the donor and when the trust ends then the assets become the governments. We do not expect this pronouncement to affect the financial reporting of the County.

m) **Statement No. 82, *Pension Plans*** was issued in April 2016, and is effective for the first reporting period in which the Government's pension plan's measurement date is on or after June 15, 2017. No real significant matters noted in this standard which addresses:

- Presentation of payroll-related measures in the Required Supplementary Information of the annual audited financial report. Covered payroll is defined as the payroll on which contributions are based.

- Selection of actuarial assumptions. Any deviation from guidance of Actuarial Standards Board is not in conformity with GASB No. 67 & 68.
- Classification of payments made by employers to satisfy contribution requirements:
    - Payments made by employer to satisfy contribution requirements that are identified as plan member contributions should be classified as "plan member contributions" for GASB No. 67, and as "employee contributions" for GASB No. 68.
    - Expense to be classified as other compensation elements.

n) **Other Pending or Current GASB Projects.** As noted by the numerous pronouncements issued by GASB over the past decade, the GASB continues to research various projects of interest to governmental units. Subjects of note include:

- **Capital leases or operating leases** continues to be a hot topic. Looking into whether all leases should be treated the same way. Final standard expected in 2016.
- **Asset retirement obligations** in which the GASB is considering standards for reporting liabilities related to obligations to perform procedures to close certain capital assets, such as nuclear power plants. This concept would not change existing standards such as GASB 18 (landfills) or GASB 49 (pollution remediation). Final standard expected in 2016.
- **Fiduciary responsibilities** and new definitions for fiduciary funds and use of whether a government has "control" and who benefits to determine accounting as fiduciary. Final standard expected in 2016.
- **Re-Examination of the Financial Reporting Model.** GASB has added this project to its technical agenda to make improvements to the existing financial reporting model (established via GASB 34). Improvements are meant to enhance the effectiveness of the model in providing information for decision-making and assessing a government's accountability. GASB anticipates issuing an initial due process document on this project by the end of 2016.
- **Conceptual Framework** is a constant matter being looked at by GASB. Current measurement focus statements (for governmental funds) to change to near-term financial resources measurement. May dictate a period (such as 60 days) for revenue and expenditure recognition. May expense things such as supplies and prepaid assets at acquisition. Will look into which balances (at all statement levels) are measured at acquisition and which need to be re-measured at year-end. Project placed on hold for now.

- **Economic Condition Reporting** is another long-term matter being looked into by GASB. Includes presentation of information on fiscal sustainability (including projections). Tabled for now pending resolution to issues raised on GASBs scope.

2) Single Audit Standards

There continues to be changes to auditing standards relative to the conduct and reporting of Single Audits. This year's financial and compliance audit recognized the implementation of the new Uniform Grant Guidance (a/k/a "Uniform Guidance" or "UG") which included significant changes to cost principles and other requirements for auditees receiving federal funds.

These changes are driven based on the grant award date as awarded by the federal agency. As such, auditors and auditees will follow requirements from both the "old" and "new" guidance for a few years to come.

Beginning with fiscal years ending December 31, 2015, additional changes to audit requirements will be effective. These include changes to the:

- Threshold requiring a Single Audit (from $500,000 to $750,000);
- Major program thresholds; and
- Percentage coverage thresholds (for low risk from 25% to 20% and for high risk from 50% to 40%).

Summations of Thoughts Noted Above

We believe the implementation of these suggestions will enhance both the control environment and the financial reporting process, making both more effective. We also believe these recommendations can be easily implemented, and all problems resolved quite timely should management elect to employ the corrective measures.

FREE QUARTERLY CONTINUING EDUCATION AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS

Free Continuing Education. We provide free continuing education (quarterly is the goal and objective) for all of our governmental clients. Each quarter we pick a couple of significant topics tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking among our governmental clients. We normally see approximately 100 people per quarter. We obtain the input and services of experienced outside speakers along with providing the instruction utilizing our in-house professionals. We hope County staff and officials have been able to participate in this opportunity, and that it has been beneficial to you. Examples of subjects addressed in the past few quarters include:

- Accounting for Debt Issuances
- American Recovery & Reinvestment Act (ARRA) Updates
- Best Budgeting Practices, Policies and Processes
- CAFR Preparation (several times including a two (2) day hands-on course)
- Capital Asset Accounting Processes and Controls
- Collateralization of Deposits and Investments
- Evaluating Financial and Non-Financial Health of a Local Government
- GASB No. 51, Intangible Assets
- GASB No. 54, Governmental Fund Balance (subject addressed twice)
- GASB No. 60, Service Concession Arrangements (webcast)
- GASB No. 61, the Financial Reporting Entity (webcast)
- GASB No.'s 63 & 65, Deferred Inflows and Outflows (webcast)
- GASB No.'s 67 & 68, New Pension Stds. (presented several occasions)
- GASB Updates (ongoing and several sessions)
- Grant Accounting Processes and Controls
- Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
- Internal Controls Over Receivables & the Revenue Cycle
- Internal Revenue Service (IRS) Issues, Primarily Payroll Matters
- Legal Considerations for Debt Issuances & Disclosure Requirements
- Policies and Procedures Manuals
- Segregation of Duties
- Single Audits for Auditees
- Special Purpose Local Option Sales Tax (SPLOST) Accounting, Reporting & Compliance
- Uniform Grant Reporting Requirements and the New Single Audit

Governmental Newsletters. We periodically produce newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects and are intended to be timely in their subject matter. The newsletters are authored by Mauldin & Jenkins partners and managers, and are not purchased from an outside agency. The newsletters are intended to keep you informed of current developments in the government finance environment.

Communication. In an effort to better communicate our free continuing education plans and newsletters, please email Paige Vercoe at pvercoe@mjcpa.com (send corresponding copy to afraley@mjcpa.com), and provide to her individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database.

CLOSING

We believe the implementation of these suggestions will enhance both the control environment and the financial reporting process, making both more effective. We also believe these recommendations can be easily implemented, and all problems resolved quite timely should management elect to employ the corrective measures. If you have any questions regarding any comments, suggestions or recommendations set forth in this memorandum, we will be pleased to discuss it with you at your convenience.

This information is intended solely for the use of the County's management, and others within the County's organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve Lumpkin County, Georgia and look forward to serving the County in the future. Thank you.

Client: *0302199 - Lumpkin County*
Engagement: *0302199 - Lumpkin County, Georgia & Component Units*
Period Ending: *12/31/2015*
Trial Balance: *0200.100 - General Fund Database*
Workpaper: *0204.100 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**2001.000**		
To adjust Fleet Inventory to client counts.				
100-005-43000-00053-531100	Supplies/Materials		9,519.10	
100-001-00000-00011-113603	Inventory - Fleet Parts			9,519.10
Total			**9,519.10**	**9,519.10**
Adjusting Journal Entries JE # 2		**PBC**		
To post reclassifying entries provided by client.				
100-005-11000-00052-523601	Dues & Subscriptions		5,293.40	
100-005-14000-00052-523500	Travel		945.00	
100-005-15400-00052-523852	Contract Services		1,708.90	
100-005-35000-00053-531100	Supplies/Materials		20.11	
100-005-14000-00052-523700	Meetings/Training			945.00
100-005-15350-00052-523852	Contract Services			1,708.90
100-005-15900-00052-523601	Dues & Subscriptions			5,293.40
100-005-35000-00052-521303	GA Forestry Fire Protection			20.11
Total			**7,967.41**	**7,967.41**
Adjusting Journal Entries JE # 3		**PBC**		
To adjust cash balance as provided by client.				
100-001-00000-00011-111126	Cash - Dahlonega Womens Club		22.63	
100-004-11000-00036-361000	Interest			22.63
Total			**22.63**	**22.63**
Adjusting Journal Entries JE # 4		**PBC**		
To record miscellaneous entries as provided by client.				
100-002-00000-00012-121907	Due To/From CDBG		1,077.12	
100-002-00000-00012-121905	Due To/From General Fund			1,077.12
Total			**1,077.12**	**1,077.12**
Adjusting Journal Entries JE # 5		**1503.000**		
To adjust tax interest received due to a formula error.				
100-001-00000-00011-111501	PT A/R -Penalties & Interest		48,039.03	
100-002-00000-00012-122504	Deferred Rev - Penalties & Int			48,039.03
Total			**48,039.03**	**48,039.03**
Adjusting Journal Entries JE # 6		**PBC**		
To adjust Ambulance A/R to actual as of December 31, 2015.				
100-001-00000-00011-111903	Ambulance Receivables		123,195.44	
100-005-35000-00057-574000	Write Off		239,064.37	
100-001-00000-00011-111930	Allowance for Doubtful Accts			29,627.09
100-004-35000-00034-342600	Ambulance Service			332,632.72
Total			**362,259.81**	**362,259.81**
Adjusting Journal Entries JE # 7		**PBC**		
To record balance due from customers for Parks and Rec as of 12/31/2015.				
100-001-00000-00011-111912	Due from customers - Park and Rec		15,926.47	
100-001-00000-00011-111931	Allowance Doubtful P&R Accounts			14,333.82
100-004-61200-00034-347201	Fees-Youth Athletics			1,592.65
Total			**15,926.47**	**15,926.47**
Adjusting Journal Entries JE # 8		**5501.000**		
To adjust due from tax commissioner to actual as of 12/31/2015.				
100-004-15450-00031-311100	Ad valorem-Real Property		56,959.69	
100-001-00000-00011-113201	Due from Tax Commissioner			56,959.69
Total			**56,959.69**	**56,959.69**
Adjusting Journal Entries JE # 9		**PBC**		
To reclass pension contributions from the solid waste fund to the general fund.				
100-005-42000-00051-512401	Employer-Pension		1,580.16	
100-005-90000-00061-611002	OT out-Solid Waste Fund			1,580.16

Client: **0302199 - Lumpkin County**
Engagement: **0302199 - Lumpkin County, Georgia & Component Units**
Period Ending: **12/31/2015**
Trial Balance: **0200.100 - General Fund Database**
Workpaper: **0204.100 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Total			**1,580.16**	**1,580.16**
Adjusting Journal Entries JE # 10		**PBC**		
To entry adjusts sick leave payable for pay rate increase; no "15 useage.				
100-005-15900-00052-523903	Contingency Expense		6,495.92	
100-005-15900-00052-523903	Contingency Expense		13,074.40	
100-001-00000-00011-113211	Interfund from E911 System			6,495.92
100-002-00000-00012-121203	Sick Leave Bank Payable			13,074.40
Total			**19,570.32**	**19,570.32**
Adjusting Journal Entries JE # 11		**PBC**		
To reverse June payroll that was entered twice.				
100-002-00000-00012-121103	GEBCORP - Employer portion		7,565.24	
100-002-00000-00012-121201	Accrued FICA Payable		21,656.05	
100-002-00000-00012-121318	FICA - Employer		1,795.87	
100-001-00000-00011-113210	Interfund from Solid Waste			162.19
100-001-00000-00011-113211	Interfund from E911 System			1,332.74
100-001-00000-00011-113222	Interfund from Grant Fund			167.19
100-002-00000-00012-121917	Due to Planning Spec. Unincorp			722.76
100-005-11000-00051-512200	Employer-FICA			169.79
100-005-13200-00051-512200	Employer-FICA			502.43
100-005-13200-00051-512400	Employer-Retirement			269.84
100-005-14000-00051-512200	Employer-FICA			206.22
100-005-14000-00051-512400	Employer-Retirement			37.89
100-005-15100-00051-512200	Employer-FICA			734.56
100-005-15100-00051-512400	Employer-Retirement			409.13
100-005-15400-00051-512200	Employer-FICA			355.71
100-005-15400-00051-512400	Employer-Retirement			191.19
100-005-15450-00051-512200	Employer-FICA			602.91
100-005-15450-00051-512400	Employer-Retirement			298.04
100-005-15500-00051-512200	Employer-FICA			736.33
100-005-15500-00051-512400	Employer-Retirement			203.34
100-005-15650-00051-512200	Employer-FICA			469.16
100-005-15650-00051-512400	Employer-Retirement			202.35
100-005-21025-00051-512200	Employer-FICA			326.60
100-005-21800-00051-512200	Employer-FICA			962.74
100-005-21800-00051-512400	Employer-Retirement			463.38
100-005-24000-00051-512200	Employer-FICA			439.78
100-005-24000-00051-512400	Employer-Retirement			215.66
100-005-24500-00051-512200	Employer-FICA			425.87
100-005-24500-00051-512400	Employer-Retirement			49.57
100-005-33000-00051-512200	Employer-FICA			7,452.82
100-005-33000-00051-512400	Employer-Retirement			2,124.07
100-005-33220-00051-512200	Employer-FICA			95.27
100-005-33220-00051-512400	Employer-Retirement			51.33
100-005-35000-00051-512200	Employer-FICA			4,434.78
100-005-35000-00051-512400	Employer-Retirement			1,456.69
100-005-36100-00051-512200	Employer-FICA			155.23
100-005-36100-00051-512400	Employer-Retirement			49.61
100-005-37000-00051-512200	Employer-FICA			0.73
100-005-39150-00051-512200	Employer-FICA			297.03
100-005-39150-00051-512400	Employer-Retirement			41.79
100-005-41000-00051-512200	Employer-FICA			106.90
100-005-41000-00051-512400	Employer-Retirement			58.97
100-005-42000-00051-512200	Employer-FICA			996.45
100-005-42000-00051-512400	Employer-Retirement			438.67
100-005-43000-00051-512200	Employer-FICA			240.50
100-005-43000-00051-512400	Employer-Retirement			93.50
100-005-55200-00051-512200	Employer-FICA			344.08
100-005-55200-00051-512400	Employer-Retirement			179.37
100-005-55400-00051-512200	Employer-FICA			131.10
100-005-61200-00051-512200	Employer-FICA			658.99
100-005-61200-00051-512400	Employer-Retirement			141.84
100-005-61220-00051-512200	Employer-FICA			283.22
100-005-61900-00051-512200	Employer-FICA			412.32
100-005-71000-00051-512200	Employer-FICA			114.53
Total			**31,017.16**	**31,017.16**
Adjusting Journal Entries JE # 12		**PBC**		

Client: *0302199 - Lumpkin County*
Engagement: *0302199 - Lumpkin County, Georgia & Component Units*
Period Ending: *12/31/2015*
Trial Balance: *0200.100 - General Fund Database*
Workpaper: *0204.100 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Entry to adjust several accounts as provided by client in their review process.				
100-001-00000-00011-113207	Interfund from Capital Project		103,034.84	
100-001-00000-00011-113209	Interfund from Drug Rehab.		1,603.00	
100-001-00000-00011-113210	Interfund from Solid Waste		1,742.35	
100-001-00000-00011-113214	Due from Hotel/Motel Tax		139.99	
100-001-00000-00011-113214	Due from Hotel/Motel Tax		2,418.40	
100-001-00000-00011-113218	Due from Drug Court		0.03	
100-002-00000-00012-121201	Accrued FICA Payable		282,638.67	
100-002-00000-00012-121306	Insurance - Employee Health		65,788.77	
100-002-00000-00012-121320	Insurance - Dependent Dental		10,825.22	
100-004-33260-00034-342330	Reimbursement-Other Agencies		48,860.00	
100-005-15900-00052-523852	Contract Services		16,334.17	
100-005-15900-00052-523903	Contingency Expense		10.59	
100-005-15900-00052-523903	Contingency Expense		119,548.29	
100-005-15950-00052-521200	Professional Services		24,000.00	
100-005-33000-00053-531100	Supplies/Materials		183.00	
100-005-90000-00061-611003	OT out-E911 Fund		13,004.58	
100-001-00000-00011-111931	Allowance Doubtful P&R Accounts			48,860.00
100-001-00000-00011-113211	Interfund from E911 System			13,004.58
100-002-00000-00012-121304	FICA Withholding			10.59
100-002-00000-00012-121308	Insurance - Dependent Health			92,369.83
100-002-00000-00012-121318	FICA - Employer			248,252.76
100-002-00000-00012-121319	Insurance - Employee Dental			15,116.43
100-002-00000-00012-121340	Insurance - Health - Employer Cost			158,785.95
100-002-00000-00012-121341	Insurance - Dental - Employer Cost			4,610.15
100-002-00000-00012-122102	Interfund to Drug Rehab.			1,603.00
100-002-00000-00012-123303	SO Fingerprinting - GCIC			183.00
100-004-11000-00034-341914	Admin. Fee - Hotel/Motel Tax			2,558.39
100-004-11000-00038-389003	Miscellaneous			0.03
100-005-90000-00061-611001	OT out-Capital Projects Fund			103,034.84
100-005-90000-00061-611002	OT out-Solid Waste Fund			1,742.35
Total			**690,131.90**	**690,131.90**
Adjusting Journal Entries JE # 13		**PBC**		
Entry to correct 3100 due to data entry error.				
100-005-90000-00061-611001	OT out-Capital Projects Fund		40.00	
100-005-90000-00061-611002	OT out-Solid Waste Fund			40.00
Total			**40.00**	**40.00**
Adjusting Journal Entries JE # 14		**PBC**		
To adjust funds for actual activity during fiscal year.				
100-001-00000-00011-113214	Due from Hotel/Motel Tax		865.45	
100-004-11000-00034-341914	Admin. Fee - Hotel/Motel Tax			865.45
Total			**865.45**	**865.45**
Adjusting Journal Entries JE # 15		**PBC**		
This entrey record interfun activity between fund 100 and fund 250.				
100-005-90000-00061-611008	OT to Grant Fund		125,243.87	
100-001-00000-00011-113222	Interfund from Grant Fund			125,243.87
Total			**125,243.87**	**125,243.87**
Adjusting Journal Entries JE # 16		**PBC**		
To adjust commission revenue for City/School.				
100-004-15450-00031-311200	Tax-Prior Years		200,001.00	
100-004-15450-00031-311100	Ad valorem-Real Property			1.00
100-004-15450-00034-341940	Commission-School & City			200,000.00
Total			**200,001.00**	**200,001.00**
Adjusting Journal Entries JE # 17		**PBC**		
To reclassify ADA expenditures.				
100-005-15551-00052-523852	Contract Services		27.53	
100-005-15900-00052-523903	Contingency Expense			27.53
Total			**27.53**	**27.53**
Adjusting Journal Entries JE # 18		**1501.000**		

Client: ***0302199 - Lumpkin County***
Engagement: ***0302199 - Lumpkin County, Georgia & Component Units***
Period Ending: ***12/31/2015***
Trial Balance: ***0200.100 - General Fund Database***
Workpaper: ***0204.100 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
To remove deferred revenue for donations that should be considered revenue and restricted fund balance.				
100-002-00000-00012-122500	Deferred Revenue		51,701.07	
100-004-15550-00038-389003	Miscellaneous			51,701.07
Total			**51,701.07**	**51,701.07**
Adjusting Journal Entries JE # 19		**6001.000**		
To remove the Sick Leave Bank Payable from the General Fund.				
100-001-00000-00011-113211	Interfund from E911 System		6,495.92	
100-002-00000-00012-121203	Sick Leave Bank Payable		114,816.39	
100-005-15900-00052-523903	Contingency Expense			121,312.31
Total			**121,312.31**	**121,312.31**
Adjusting Journal Entries JE # 20		**1505.000**		
To adjust due to/from accounts.				
100-001-00000-00011-113200	Due from Magistrate Court		95.00	
100-001-00000-00011-113203	Due from Probate Court		7,909.00	
100-004-21800-00035-351110	Fines-Criminal Court		3,878.00	
100-005-15900-00052-523903	Contingency Expense		197.72	
100-005-33000-00053-531100	Supplies/Materials		978.15	
100-001-00000-00011-113202	Due from Clerk of Court			3,878.00
100-001-00000-00011-113205	Due from Sheriff			978.15
100-001-00000-00011-113214	Due from Hotel/Motel Tax			197.72
100-004-24000-00035-351130	Fines-Magistrate Court			95.00
100-004-24500-00035-351150	Fines-Probate Court			7,909.00
Total			**13,057.87**	**13,057.87**

Client:	***0302199 - Lumpkin County***
Engagement:	***12/31/2015 - Lumpkin County***
Period Ending:	***December 31, 2015***
Workpaper:	***Passed Adjusting Journal Entries Report***

Account	Description	Debit	Credit
General Fund:			
Passed Adjusting Journal Entries JE # 1			
To restate beginning fund balance and accrued payroll for the sick leave bank payable noted in the General Fund. Account should not have been recorded as a liability in the General Fund.			
	Fund Balance	101,741.99	
	Payroll Expenditures		101,741.99
Total		**101,741.99**	**101,741.99**

Client: ***0302199 - Lumpkin County***
Engagement: ***0302199 - Lumpkin County, Georgia & Component Units***
Period Ending: ***12/31/2015***
Trial Balance: ***0200.205 - Law Library Database***
Workpaper: ***0204.205 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**PBC**		
To adjust cash per reconciliation provided by client.				
205-001-00000-00011-111110	Cash - Operating Account		0.03	
205-001-00000-00011-111110	Cash - Operating Account		4,035.00	
205-004-85850-00036-361000	Interest			0.03
205-005-27500-00052-523900	Compensation			25.00
205-005-27500-00053-531100	Supplies/Materials			4,010.00
Total			**4,035.03**	**4,035.03**
Adjusting Journal Entries JE # 2		**1505.000**		
To adjust due to/from accounts.				
205-002-00000-00012-121913	Due to Probate Court		24.00	
205-002-00000-00012-121914	Due to Magistrate Court		25.00	
205-002-00000-00012-121915	Due to Clerk of Court		536.00	
205-005-27500-00053-531100	Supplies/Materials		495.00	
205-002-00000-00012-121905	Due to General Fund			495.00
205-004-27500-00035-351100	Fines Superior Court			24.00
205-004-27500-00035-351100	Fines Superior Court			536.00
205-004-27500-00035-351130	Fines-Magistrate Court			25.00
Total			**1,080.00**	**1,080.00**

Client:	***0302199 - Lumpkin County***
Engagement:	***0302199 - Lumpkin County, Georgia & Component Units***
Period Ending:	***12/31/2015***
Trial Balance:	***0200.215 - 911 System Database***
Workpaper:	***0204.215 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**7501.000**		
To correct beginning fund balance.				
215-005-38000-00057-573000	Payments to Others		510.60	
215-003-00000-00013-134200	Fund Balance			510.60
Total			**510.60**	**510.60**
Adjusting Journal Entries JE # 2		**PBC**		
Entry to adjust sick leave payable for pay rate increases. no "15 usage.				
215-002-00000-00012-122100	Interfund Payable		6,495.92	
215-002-00000-00012-121203	Sick Leave Bank Payable			6,495.92
Total			**6,495.92**	**6,495.92**
Adjusting Journal Entries JE # 3		**PBC**		
To reverse payroll that was posted twice.				
215-002-00000-00012-122100	Interfund Payable		1,332.74	
215-005-38000-00051-512200	Employer-FICA			1,000.82
215-005-38000-00051-512400	Employer-Retirement			331.92
Total			**1,332.74**	**1,332.74**
Adjusting Journal Entries JE # 4		**PBC**		
To record an additional payable found by client during their review.				
215-005-38000-00057-573000	Payments to Others		3,000.30	
215-002-00000-00012-121101	Accrued Payables - Audito			3,000.30
Total			**3,000.30**	**3,000.30**
Adjusting Journal Entries JE # 5		**PBC**		
To post correcting entries to several accounts per client as part of review process.				
215-002-00000-00012-122100	Interfund Payable		13,004.58	
215-004-90000-00039-391200	Transfer from General Fund			13,004.58
Total			**13,004.58**	**13,004.58**
Adjusting Journal Entries JE # 6		**6001.000**		
To remove sick leave bank payable from the E911 fund.				
215-002-00000-00012-121203	Sick Leave Bank Payable		6,495.92	
215-002-00000-00012-122100	Interfund Payable			6,495.92
Total			**6,495.92**	**6,495.92**

Client: ***0302199 - Lumpkin County***
Engagement: ***0302199 - Lumpkin County, Georgia & Component Units***
Period Ending: ***12/31/2015***
Trial Balance: ***0200.218 - Technology Fee Database***
Workpaper: ***0204.218 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**1505.000**		
To adjust due to/from accounts.				
218-001-00000-00011-113104	Due from Clerk of Court		496.00	
218-004-21800-00034-341931	Internet Project Fund COC			496.00
Total			**496.00**	**496.00**

Client:	***0302199 - Lumpkin County***
Engagement:	***0302199 - Lumpkin County, Georgia & Component Units***
Period Ending:	***12/31/2015***
Trial Balance:	***0200.250 - Multiple Grant Database***
Workpaper:	***0204.250 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**PBC**		
To reverse payroll that was posted twice.				
250-002-12100-12210-122100	Interfund Payable		167.19	
250-005-22011-00051-512200	Employer-FICA			106.47
250-005-22011-00051-512400	Employer-Retirement			60.72
Total			**167.19**	**167.19**
Adjusting Journal Entries JE # 2		**PBC**		
To postentry to record interfund activity between fund 100 and 250.				
250-002-12100-12210-122100	Interfund Payable		125,243.87	
250-004-91999-00039-391200	Transfer from General Fund			125,243.87
Total			**125,243.87**	**125,243.87**
Adjusting Journal Entries JE # 3		**1705.000**		
To adjust revenue for cash advances improperly deferred.				
250-002-12100-12250-122500	Deferred Revenue		40,981.11	
250-004-21028-00033-334134	Grant - GA - CJCC - Family Drug Ct			4,661.16
250-004-21029-00033-334113	Grant - State			25,843.94
250-004-22011-00033-334120	Grant - GA - CJCC - Vict Asst			2,294.00
250-004-33234-00033-331312	Grant - Fed - BJA - BPV			1,476.50
250-004-35008-00033-331313	Grant - Fed - FEMA - Fire			6,705.51
Total			**40,981.11**	**40,981.11**
Adjusting Journal Entries JE # 4		**1705.000**		
To adjust unavailable revenue for items that are not expected to be received within 90 days per clients availability criteria.				
250-004-22011-00033-334120	Grant - GA - CJCC - Vict Asst		14,755.00	
250-004-35009-00033-334332	Grant - GA Trauma Commission		13,176.55	
250-004-35010-00033-334117	Grant - GA - Forestry Com		5,000.00	
250-004-36116-00033-334332	Grant - GA - GEMA #36116		18,000.00	
250-002-12100-12250-122500	Deferred Revenue			50,931.55
Total			**50,931.55**	**50,931.55**

Client: ***0302199 - Lumpkin County***
Engagement: ***0302199 - Lumpkin County, Georgia & Component Units***
Period Ending: ***12/31/2015***
Trial Balance: ***0200.271 - Planning Fund Database***
Workpaper: ***0204.271 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**PBC**		
To reverse payroll that was posted twice.				
271-002-00000-00012-121905	Due To General Fund		722.76	
271-005-74000-00051-512200	Employer-FICA			571.41
271-005-74000-00051-512400	Employer-Retirement			151.35
Total			**722.76**	**722.76**

Client:	***0302199 - Lumpkin County***
Engagement:	***0302199 - Lumpkin County, Georgia & Component Units***
Period Ending:	***12/31/2015***
Trial Balance:	***0200.275 - Hotel Motel Database***
Workpaper:	***0204.275 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**PBC**		
To post correcting entries to several accounts per client as part of review process.				
275-005-90000-00061-611004	OT out - General Fund		2,418.40	
275-002-00000-00012-121905	Due To General Fund			2,418.40
Total			**2,418.40**	**2,418.40**
Adjusting Journal Entries JE # 2		**PBC**		
To adjust funds for actual activity during fiscal year.				
275-005-90000-00061-611004	OT out - General Fund		966.71	
275-002-00000-00012-121905	Due To General Fund			966.71
Total			**966.71**	**966.71**

Client: ***0302199 - Lumpkin County***
Engagement: ***0302199 - Lumpkin County, Georgia & Component Units***
Period Ending: ***12/31/2015***
Trial Balance: ***0200.301 - Capital Projects Fund Database***
Workpaper: ***0204.301 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**PBC**		
To adjust fund balance for audit entries made in the prior year.				
301-004-90000-00039-391200	Transfer from General Fund		207,689.23	
301-003-00000-00013-134220	Fund Balance			207,689.23
Total			**207,689.23**	**207,689.23**
Adjusting Journal Entries JE # 2		**PBC**		
To reclass check 154780.				
301-005-42000-00053-531600	Minor Equipment		3,050.00	
301-005-43000-00054-542500	Other Equipment			3,050.00
Total			**3,050.00**	**3,050.00**
Adjusting Journal Entries JE # 3		**1504.000**		
Entry to record the receipt on A/R that was recorded as a revenue instead of A/R.				
301-004-42000-00033-331310	GA D.O.T./County Contracts		10,666.30	
301-001-00000-00011-111900	Accounts Receivable			10,666.30
Total			**10,666.30**	**10,666.30**
Adjusting Journal Entries JE # 4		**PBC**		
To post correcting entries to several accounts per client as part of review process.				
301-004-90000-00039-391200	Transfer from General Fund		103,034.84	
301-002-00000-00012-122100	Interfund Payable			103,034.84
Total			**103,034.84**	**103,034.84**
Adjusting Journal Entries JE # 5		**PBC**		
To record a payable found by the client that came in after year end.				
301-005-55400-00054-542200	Vehicles		4,500.00	
301-002-00000-00012-121101	Accrued Payables - Audito			4,500.00
Total			**4,500.00**	**4,500.00**

Client: ***0302199 - Lumpkin County***
Engagement: ***0302199 - Lumpkin County, Georgia & Component Units***
Period Ending: ***12/31/2015***
Trial Balance: ***0200.320 - SPLOST Fund Database***
Workpaper: ***0204.320 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**1701.000**		
To record the accrual of SPLOST receipts due to the City of Dahlonega.				
320-005-11000-00057-571019	Passthrough - 2014 SPLOST		41,714.77	
320-002-00000-00012-121101	Accrued Payables - Audito			41,714.77
Total			**41,714.77**	**41,714.77**
Adjusting Journal Entries JE # 2		**PBC**		
To record miscellaneous entries provided by client.				
320-002-00000-00012-121905	Due To/From General Fund		1,077.12	
320-002-00000-00012-122500	Deferred Revenue		2,601.70	
320-004-10730-00033-331350	C.D.B.G. Revenue		2,847.08	
320-001-00000-00011-111900	Accounts Receivable			2,601.70
320-001-00000-00011-111900	Accounts Receivable			2,847.08
320-005-10730-00054-541303	Administration Expense			1,077.12
Total			**6,525.90**	**6,525.90**
Adjusting Journal Entries JE # 3		**PBC**		
To correct beginning fund balance for audit entries made in the prior year.				
320-003-00000-00013-134220	Fund Balance		56,909.05	
320-005-10073-00054-541406	W,S,G Construction			56,909.05
Total			**56,909.05**	**56,909.05**
Adjusting Journal Entries JE # 4		**PBC**		
To reclassify Check 70129				
320-005-74000-00054-542200	Vehicles		21.00	
320-005-33230-00054-542200	Vehicles			21.00
Total			**21.00**	**21.00**

Client: ***0302199 - Lumpkin County***
Engagement: ***0302199 - Lumpkin County, Georgia & Component Units***
Period Ending: ***12/31/2015***
Trial Balance: ***0200.340 - CDBG Fund Database***
Workpaper: ***0204.340 - CDBG Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**PBC**		
To record miscellaneous entries as provided by client.				
·001-00000-00011-11·	Accounts Receivable		1,358.98	
·001-00000-00011-11·	Accounts Receivable		2,847.08	
·005-10073-00054-54·	Administration Expense		1,077.12	
·002-00000-00012-12·	Due to Other Funds			1,077.12
·002-12100-12250-12:	Deferred Revenue			1,358.98
·002-12100-12250-12:	Deferred Revenue			2,847.08
Total			**5,283.18**	**5,283.18**

Client: ***0302199 - Lumpkin County***
Engagement: ***0302199 - Lumpkin County, Georgia & Component Units***
Period Ending: ***12/31/2015***
Trial Balance: ***0200.270 - Special Tax District Database***
Workpaper: ***0204.270 - Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**PBC**		
To correct property tax entry for amount that should have been posted to revenue in lieu of receivable as provided by client.				
270-004-15450-00031-311101	Ad Valorem - Reservoir		31,554.43	
270-001-00000-00011-111500	Property Taxes Receivable			31,554.43
Total			**31,554.43**	**31,554.43**

Client: *0302199 - Lumpkin County*
Engagement: *0302199 - Lumpkin County, Georgia & Component Units*
Period Ending: *12/31/2015*
Trial Balance: *0200.540 - Solid Waste Fund Database*
Workpaper: *0204.540 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**PBC**		
To reclassify Check #154970				
540-005-45500-00053-531120	Repair/Maint.-Buildings		2,200.00	
540-005-45500-00054-541300	Construction/Renovation			2,200.00
Total			**2,200.00**	**2,200.00**
Adjusting Journal Entries JE # 2		**PBC**		
To post FY2015 depreciation for Solid Waste Fund				
540-005-45300-00056-561000	Depreciation Expense		23,083.29	
540-001-00000-00011-117210	Depr - Site Improvements			3,447.36
540-001-00000-00011-117410	Accum Depr - Buildings			12,969.51
540-001-00000-00011-117510	Accum Depr - Machinery/Equip			6,666.42
Total			**23,083.29**	**23,083.29**
Adjusting Journal Entries JE # 3		**PBC**		
To reclass pension contributions from the solid waste fund to the general fund				
540-004-90000-00039-391200	Transfer from General Fund		1,580.16	
540-005-45500-00051-512401	Employer-Pension		57.88	
540-005-45500-00051-512400	Employer-Retirement			57.88
540-005-45500-00051-512401	Employer-Pension			1,580.16
Total			**1,638.04**	**1,638.04**
Adjusting Journal Entries JE # 4		**PBC**		
Entry to record accrued vacation payable.				
540-005-45500-00051-511100	Salaries & Wages		2,177.39	
540-002-00000-00012-121202	Accrued Vacation Payable			2,177.39
Total			**2,177.39**	**2,177.39**
Adjusting Journal Entries JE # 5		**PBC**		
To reverse payroll that was posted twice.				
540-002-00000-00012-122100	Interfund Payable		162.19	
540-005-45500-00051-512200	Employer-FICA			117.17
540-005-45500-00051-512400	Employer-Retirement			45.02
Total			**162.19**	**162.19**
Adjusting Journal Entries JE # 6		**PBC**		
To post correcting entries to several accounts per client as part of review process.				
540-004-90000-00039-391200	Transfer from General Fund		1,742.35	
540-002-00000-00012-122100	Interfund Payable			1,742.35
Total			**1,742.35**	**1,742.35**
Adjusting Journal Entries JE # 7		**PBC**		
Entry to correct 3100 due to data entry error.				
540-004-90000-00039-391200	Transfer from General Fund		40.00	
540-002-00000-00012-121905	Due To/From General Fund			40.00
Total			**40.00**	**40.00**

Client: ***0302199 - Lumpkin County***
Engagement: ***0302199 - Lumpkin County, Georgia & Component Units***
Period Ending: ***12/31/2015***
Trial Balance: ***0200.805 - Hospital Authority Database***
Workpaper: ***0204.805 - Hospital Authority Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**3001.000**		
To adjust unrealized loss to actual per testing.				
530-004-51900-00036-361000	Interest		553.19	
530-004-51900-00036-363000	Unrealized gain/loss			553.19
Total			**553.19**	**553.19**