



117 Putnam Drive ♦ Eatonton, GA 31024 ♦ Tel: 706-485-1884
www.putnamdevelopmentauthority.com

Agenda

Friday, November 8, 2019 ♦ 9:00 AM

Putnam County Administration Building – Room 204

Opening

1. Call to Order

Minutes

2. Approval of Minutes
 - a. October 11, 2019 Regular Meeting
 - b. October 11, 2019 Executive Session

Financials

3. Approval of Financials - October 2019

Regular Business

4. Discuss soil testing report
5. Discuss CDs
6. Discuss Audit
7. Gate at Rock Eagle Technology Park

Other Business

8. Other Business

Next Meeting Items

9. Next Meeting Items

Executive Session

10. Enter Executive Session as allowed by O.C.G.A. 50-14-4, if necessary, for Personnel, Litigation or Real Estate
11. Reopen Meeting and Execute Affidavit Concerning the Subject Matter of the Closed Portion of the Meeting
12. Action, if any, Resulting from the Executive Session

Closing

13. Adjournment

The Putnam Development Authority reserves the right to continue the meeting to another time and place in the event the number of people in attendance at the meeting, including the PDA members, staff, and members of the public exceeds the legal limits. The meeting cannot be closed to the public except by a majority vote of a quorum present for the meeting. The authority can vote to go into an executive session on a legally exempt matter during a public meeting even if not advertised or listed on the agenda. Individuals with disabilities who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the meeting or the facilities are required to contact the ADA Compliance Officer, at least three business days in advance of the meeting at 706-485-2776 to allow the County to make reasonable accommodations for those persons.

Item Attachment Documents:

- 2. Approval of Minutes
 - a. October 11, 2019 Regular Meeting
 - b. October 11, 2019 Executive Session

The Putnam Development Authority reserves the right to continue the meeting to another time and place in the event the number of people in attendance at the meeting, including the PDA members, staff, and members of the public exceeds the legal limits. The meeting cannot be closed to the public except by a majority vote of a quorum present for the meeting. The authority can vote to go into an executive session on a legally exempt matter during a public meeting even if not advertised or listed on the agenda. Individuals with disabilities who require certain accommodations in order to allow them to observe and/or participate in this meeting, or request accommodations regarding the accessibility of the meeting or the facilities are required to contact the ADA Compliance Officer, at least three business days prior to the start of the meeting at 706-485-2776 to allow the County to make reasonable accommodations for those persons.

Item #2.



117 Putnam Drive ♦ Eatonton, GA 31024 ♦ Tel: 706-485-1884
www.putnamdevelopmentauthority.com

Minutes

Friday, October 11, 2019 ♦ 9:00 AM

Putnam County Administration Building – Room 204

The Putnam Development Authority met on Friday, October 11, 2019 at approximately 9:00 AM in the Putnam County Administration Building, 117 Putnam Drive, Room 204, Eatonton, Georgia

PRESENT

Chairman Ed Waggoner
Member Patty Burns
Member Walt Rocker III
Member John Wojtas

ABSENT

Member Eugene Smith

OTHERS PRESENT

Economic Development Director Terry Schwindler
County Clerk Lynn Butterworth

Opening

1. Call to Order

Chairman Waggoner called the meeting to order at approximately 9:18 a.m.
(Copy of agenda made a part of the minutes.)

Minutes

2. Approval of Minutes

- a. September 9, 2019 Regular Meeting
- b. September 9, 2019 Executive Session

Motion to approve the September 9, 2019 Regular Meeting and Executive Session Minutes.

Motion made by Member Burns, Seconded by Member Wojtas.

Voting Yea: Member Burns, Member Rocker, Member Wojtas

Financials

3. Approval of Financials - September 2019

Motion to approve the September 2019 Financials

Motion made by Member Burns, Seconded by Member Rocker.

Voting Yea: Member Burns, Member Rocker, Member Wojtas

(Copy of financials made a part of the minutes.)

Reports

4. Economic Development Director Report - October 2019

EDD Schwindler reported the following: (copy of report made a part of the minutes)

- Website visitor sessions and pages viewed per session
- Website analytics
- Project status - 11 projects added
- Projects by Industry - 7 commercial/retail, 2 manufacturing, 1 hospitality, 1 distribution
- Project source – 3 existing industry, 5 local referrals, 3 direct
- Business & Industry contacts - 22 MTD, 236 YTD
- Social media - 453 likes on Facebook, 58 followers on LinkedIn, 221 followers on Instagram, 29 followers on Twitter
- Company located – TCMG Landscaping, Inc., 136 Sammons Parkway
- Company expanded – The FolksArt Crafted Café, 119 S. Jefferson Avenue
- Project update – Putnam Erickson Solar Project, 710 Oak Street
- Project update – SIP road grading is underway
- Company update – Rossee Oil site work
- Company update – Burger King construction at Rana’s Travel Center
- Events attended and upcoming events
- Ribbon cutting – Uncle Remus “Critters” & story box, Courthouse square on Jefferson Avenue

Regular Business

5. Discuss surveys

EDD Schwindler advised that the property across the street, next to CGTC, had been surveyed and sent to GroTec. The 5 acres behind the Administration Building was also surveyed. No action was taken.

6. Discuss soil testing report (pending)

The soil testing report will not be ready until October 25th. Will discuss at the November meeting.

7. Discuss CD maturity

EDD Schwindler advised that the CD is maturing and we need to decide what to do. The current interest rate is 1.25%. The board instructed Terry to move it to a 91-day maturity account and investigate better options.

Other Business

8. Other Business

None

Next Meeting Items

- 9. Next Meeting Items
- Soil Testing Report
- CD options

Executive Session

- 10. Enter Executive Session as allowed by O.C.G.A. 50-14-4, if necessary, for Personnel, Litigation, or Real Estate

Motion to enter Executive Session for Real Estate purposes.

Motion made by Member Rocker, Seconded by Member Burns.

Voting Yea: Member Burns, Member Rocker, Member Wojtas

Meeting closed at approximately 9:38 a.m.

- 11. Reopen meeting and execute Affidavit concerning the subject matter of the closed portion of the meeting

Motion to reopen the meeting and execute the Affidavit concerning the subject matter of the closed portion of the meeting.

Motion made by Member Rocker, Seconded by Member Burns.

Voting Yea: Member Burns, Member Rocker, Member Wojtas

(Copy of affidavit made a part of the minutes.)

Meeting reopened at approximately 10:05 a.m.

- 12. Action, if any, resulting from the Executive Session
- No action was taken.

Closing

- 13. Adjournment

Motion to adjourn the meeting.

Motion made by Member Rocker, Seconded by Member Wojtas.

Voting Yea: Member Burns, Member Rocker, Member Wojtas

Meeting closed at approximately 10:06 a.m.

ATTEST:

Lynn Butterworth
County Clerk

Ed Waggoner
Chairman



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The draft minutes of the October 11, 2019 Executive Session are available for Board Member review in the Clerk's office.

Item Attachment Documents:

3. Approval of Financials - October 2019

The Putnam Development Authority reserves the right to continue the meeting to another time and place in the event the number of people in attendance at the meeting, including the PDA members, staff, and members of the public exceeds the legal limits. The meeting cannot be closed to the public except by a majority vote of a quorum present for the meeting. The authority can vote to go into an executive session on a legally exempt matter during a public meeting even if not advertised or listed on the agenda. Individuals with disabilities who require certain accommodations in order to allow them to observe and/or participate in this meeting, or persons regarding the accessibility of the meeting or the facilities are required to contact the ADA Compliance Officer, at least three business days prior to the start of the meeting at 706-485-2776 to allow the County to make reasonable accommodations for those persons.

Item #3.



Putnam County, GA

Income Statement 8

Account Summary

For Fiscal: 2020 Period Ending: 10/31/2019

		Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Fund: 101 - GENERAL FUND						
Expense						
101-75201-511100	Full-time Staff	68,139.00	68,139.00	5,602.84	5,602.84	62,536.16
101-75201-512101	Insurance Benefits	7,890.00	7,890.00	643.26	643.26	7,246.74
101-75201-512201	Social Security	5,213.00	5,213.00	425.79	425.79	4,787.21
101-75201-512401	Retirement Contributions	8,850.00	8,850.00	0.00	0.00	8,850.00
101-75201-512701	Workers Compensation	220.00	220.00	0.00	0.00	220.00
101-75201-512901	Payroll Accrual	425.00	425.00	0.00	0.00	425.00
101-75201-521203	Legal Services	20,000.00	20,000.00	1,250.00	1,250.00	18,750.00
101-75201-521206	Accounting/Auditing	6,500.00	6,500.00	0.00	0.00	6,500.00
101-75201-521220	Professional Services	20,000.00	20,000.00	5,000.00	5,000.00	15,000.00
101-75201-521301	Computer Services	4,489.00	4,489.00	0.00	0.00	4,489.00
101-75201-522201	Building & Ground Services	5,000.00	5,000.00	0.00	0.00	5,000.00
101-75201-522205	Equipment Services	500.00	500.00	13.98	13.98	486.02
101-75201-522321	Rental Expense	1,028.00	1,028.00	0.00	0.00	1,028.00
101-75201-523101	General Insurance	6,900.00	6,900.00	0.00	0.00	6,900.00
101-75201-523201	Telecommunications	1,500.00	1,500.00	87.70	87.70	1,412.30
101-75201-523215	Postage	250.00	250.00	0.00	0.00	250.00
101-75201-523301	Advertising	24,000.00	24,000.00	0.00	0.00	24,000.00
101-75201-523401	Printing & Binding	1,500.00	1,500.00	0.00	0.00	1,500.00
101-75201-523501	Travel	6,150.00	6,150.00	0.00	0.00	6,150.00
101-75201-523601	Dues & Fees	3,000.00	3,000.00	265.00	265.00	2,735.00
101-75201-523701	Education	4,400.00	4,400.00	0.00	0.00	4,400.00
101-75201-523920	Miscellaneous Services	20,000.00	20,000.00	0.00	0.00	20,000.00
101-75201-531101	Office & General Supplies	600.00	600.00	0.00	0.00	600.00
101-75201-531110	Building & Ground Supplies	2,000.00	2,000.00	0.00	0.00	2,000.00
101-75201-531231	Electricity	1,500.00	1,500.00	47.46	47.46	1,452.54
101-75201-531301	Meals For Special Events	2,500.00	2,500.00	0.00	0.00	2,500.00
101-75201-531401	Books & Periodicals	250.00	250.00	0.00	0.00	250.00
101-75201-531601	Small Equipment	2,500.00	2,500.00	0.00	0.00	2,500.00
	Expense Total:	225,304.00	225,304.00	13,336.03	13,336.03	211,967.97
	Fund: 101 - GENERAL FUND Total:	225,304.00	225,304.00	13,336.03	13,336.03	
	Total Surplus (Deficit):	-225,304.00	-225,304.00	-13,336.03	-13,336.03	

Putnam Development Authority

Balance Sheet

As of October 31, 2019

	<u>Oct 31, 19</u>
ASSETS	
Current Assets	
Checking/Savings	
10001 · Checking-FMB	513,998.16
10050 · One Georgia Funds	50.00
10300 · Certificate of Deposit 42072	110,240.31
10600 · Certificate of Deposit-24251	82,389.12
Total Checking/Savings	<u>706,677.59</u>
Other Current Assets	
11700 · CIP	25,357.50
12007 · Prepaid Insurance	3,896.00
Total Other Current Assets	<u>29,253.50</u>
Total Current Assets	<u>735,931.09</u>
Fixed Assets	
11100 · 10 ac. N. Park	200,000.00
11200 · 5 ac. N. Park	100,000.00
11225 · Land	19,106.00
11250 · Building-Tech College	1,000,000.00
11300 · Tech. College Property	455,962.60
11350 · Rock Eagle Land Improvements	660,561.00
11355 · Rock Eagle Rech. Accum Deprecia	-62,386.40
11500 · 142 Ac. Indust Blvd	300,000.00
11600 · 130 Ac. RE Tech. Park	1,029,600.00
11751 · building-Old Hotel	123,536.00
Total Fixed Assets	<u>3,826,379.20</u>
TOTAL ASSETS	<u><u>4,562,310.29</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
11360 · Accum Depr-Building	352,083.00
18050 · Accrued Payroll	667.00
Total Other Current Liabilities	<u>352,750.00</u>
Total Current Liabilities	<u>352,750.00</u>
Total Liabilities	<u>352,750.00</u>
Equity	
30000 · Opening Balance Equity	3,367,924.20
32000 · Unrestricted Net Assets	698,994.09
Net Income	142,642.00
Total Equity	<u>4,209,560.29</u>
TOTAL LIABILITIES & EQUITY	<u><u>4,562,310.29</u></u>

Putnam Development Authority
Reconciliation Summary
10001 · Checking-FMB, Period Ending 10/17/2019

	<u>Oct 17, 19</u>
Beginning Balance	513,998.16
Cleared Balance	513,998.16
Register Balance as of 10/17/2019	513,998.16
Ending Balance	513,998.16

Putnam Development Authority
Profit & Loss YTD Comparison
October 2019

	<u>Oct 19</u>	<u>Oct 19</u>
Income		
47001 · Contributed Captial	142,642.00	142,642.00
Total Income	142,642.00	142,642.00
Expense	0.00	0.00
Net Income	<u><u>142,642.00</u></u>	<u><u>142,642.00</u></u>

**Putnam Development Authority
Reconciliation Detail**

10050 · One Georgia Funds, Period Ending 10/15/2019

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						50.00
Cleared Transactions						
Checks and Payments - 3 items						
Check	07/30/2019	1007	Taylor & Sons, Inc.	X	-40,100.40	-40,100.40
Check	09/04/2019	1009	Taylor & Sons, Inc.	X	-40,000.00	-80,100.40
Check	09/04/2019	1010	Taylor & Sons, Inc.	X	-31,865.00	-111,965.40
Total Checks and Payments					-111,965.40	-111,965.40
Deposits and Credits - 3 items						
Deposit	08/29/2019			X	40,100.40	40,100.40
Deposit	09/03/2019			X	40,000.00	80,100.40
Deposit	09/19/2019			X	31,865.00	111,965.40
Total Deposits and Credits					111,965.40	111,965.40
Total Cleared Transactions					0.00	0.00
Cleared Balance					0.00	50.00
Register Balance as of 10/15/2019					0.00	50.00
Ending Balance					0.00	50.00

Item Attachment Documents:

6. Discuss Audit

The Putnam Development Authority reserves the right to continue the meeting to another time and place in the event the number of people in attendance at the meeting, including the PDA members, staff, and members of the public exceeds the legal limits. The meeting cannot be closed to the public except by a majority vote of a quorum present for the meeting. The authority can vote to go into an executive session on a legally exempt matter during a public meeting even if not advertised or listed on the agenda. Individuals with disabilities who require certain accommodations in order to allow them to observe and/or participate in this meeting, or persons regarding the accessibility of the meeting or the facilities are required to contact the ADA Compliance Officer, at least three business days prior to the start of the meeting at 706-485-2776 to allow the County to make reasonable accommodations for those persons.

Item #6.

**BY-LAWS OF THE
PUTNAM DEVELOPMENT AUTHORITY**

Originally Adopted - October 9, 1989

As Revised - May 11, 2009

As Further Revised - March 8, 2010

As Further Revised - August 12, 2013

As Further Revised, Amended, and Restated - March 11, 2019

Section 3. Program of Work/Annual Budget

The Executive Director, or in the absence of an Executive Director, such contracted person or agency, shall prepare and present a Program of Work and Annual Budget to the governing body of the Development Authority no later than the first regularly scheduled meeting in June each year.



Section 4. Audit

All appropriate books and records of the Development Authority shall be audited as required by law at least **EVERY TWO (2) YEARS**, so long as funding is provided by and at the expense of the Board of Commissioner of Putnam County, by a competent, independent auditor. The audit and a summary of the audit shall be filed with the clerk of the Board of Commissioners Putnam County and shall be available for Public inspection during regular office hours.

ARTICLE V
AGENCY OPERATIONAL PROCEDURES

Section 1. Publicity and Press Releases

Directors and staff of the Development Authority will always strive to portray the activities of their agency and the economic potential of Putnam County in a positive manner to members of the general public.

Official press releases will be developed by staff for review and approval by a majority of the governing body. Individual quotations within such press releases will at all times have the approval of those being quoted.

Section 2. Procurement and Showing of Industrial Sites

All Development Authority personnel will continually strive to increase the amount of industrial property.

It should be realized that the confidence and trust of the prospect is of paramount importance in the initial meeting. Therefore, staff should provide the prospect the appropriate level of professional services in order to facilitate the location decision.

Section 3. Real Estate Commission Fees

The Putnam Development Authority will cooperate with any Real Estate Agent or Broker in regard to any real estate commission fee in an amount no more than 10% when the real estate company is the sole originator of the prospective lead. The Development Authority will notify the property owner that the industrial prospect was originated by a real estate agent/broker. The owner, not the Development Authority, will then be responsible for the commission.

Invoice: 39229
 Date: 03/31/2016
 Invoices are due upon receipt

Putnam Development Authority
 117 Putnam Drive, Suite A
 Eatonton, GA 31024

Professional Services Rendered as Follows:

Audit of Financial Statements

Professional Services	\$5,000.00
Invoice Total	\$5,000.00

*OK to Pay
 Sent 4/12/16*

<u>03/31/2016</u>	<u>02/29/2016</u>	<u>01/31/2016</u>	<u>12/31/2015</u>	<u>11/30/2015+</u>	<u>Total</u>
5,000.00	0.00	0.00	0.00	0.00	\$5,000.00

Please return this portion with payment.

ID: 828036
 Putnam Development Authority

Invoice: 39229
 Date: 03/31/2016

Amount Due: \$5,000.00
 Amount Enclosed: \$ _____

A 1.5% per month Finance Charge will be added to all past due accounts.

**PUTNAM DEVELOPMENT AUTHORITY
EATONTON, GEORGIA**

**FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2015 AND
INDEPENDENT AUDITOR'S REPORT**

PUTNAM DEVELOPMENT AUTHORITY

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 Reporting and on Compliance and Other Matters Based on an Audit of Financial
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March 22, 2016

INDEPENDENT AUDITOR'S REPORT

The Members of the Board
Putnam Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of **Putnam Development Authority** (the Authority), a component unit of Putnam County, Georgia, as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Putnam Development Authority, as of September 30, 2015, and the respective changes in financial position and cash flows thereof for the fiscal year ended September 30, 2015 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2016, on our consideration of the Putnam Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Putnam Development Authority's internal control over financial reporting and compliance.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

**PUTNAM DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2015**

ASSETS

Current Assets

Cash	\$ 95,871
Investments - Certificates of Deposit	186,910
Note Receivable	12,990
Prepaid Items	4,241
	300,012

Noncurrent Assets

Note Receivable	319,739
	319,739

Capital Assets

Land	500,000
Land Improvements	660,561
Land Held for Sale	1,629,600
Building	1,000,000
Machinery and Equipment	350,000
Construction in Progress	25,358
Accumulated Depreciation	(739,469)
	3,426,050

3,745,789

Total Assets

\$ 4,045,801

LIABILITIES AND NET POSITION

Current Liabilities

Accrued Salaries	\$ 667
	667

Net Position

Net Investment in Capital Assets	3,426,050
Unrestricted	619,084
	4,045,134

Total Liabilities and Net Position

\$ 4,045,801

See accompanying notes which are an integral part of these financial statements.

Item #6.

PUTNAM DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Operating Expenses	
Personnel Services and Employee Benefits	\$ 74,783
Purchased/Contracted Services	37,937
Supplies	2,831
Depreciation	<u>69,037</u>
	<u>184,588</u>
Operating Loss	<u>(184,588)</u>
Nonoperating Revenues	
Intergovernmental	142,467
Interest on Note Receivable	13,714
Investment Income	654
Other	<u>1,100</u>
	<u>157,935</u>
Change in Net Position	(26,653)
Total Net Position, Beginning	<u>4,071,787</u>
Total Net Position, Ending	<u><u>\$ 4,045,134</u></u>

See accompanying notes which are an integral part of these financial statements.

**PUTNAM DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Cash Flows from Operating Activities	
Cash Payments for Personnel Services	\$ (74,116)
Cash Payments for Goods and Services	<u>(41,573)</u>
	<u>(115,689)</u>
Cash Flows from Noncapital Financing Activities	
Subsidy from Putnam County	<u>142,467</u>
Cash Flows from Capital and Related Financing Activities	
Payments for Acquisitions of Capital Assets	<u>(25,358)</u>
Cash Flows from Investing Activities	
Cash Received from Payments on Note Receivable	32,382
Purchases of Investments - Certificates of Deposit	(654)
Interest Income and Other Received	<u>1,754</u>
	<u>33,482</u>
Net Increase in Cash	34,902
Cash, Beginning	<u>60,969</u>
Cash, Ending	<u><u>\$ 95,871</u></u>
Reconciliation of Operating Loss to	
Net Cash Used by Operating Activities	
Operating Loss	\$ (184,588)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	69,037
Increase in Prepaid Items	(805)
Increase in Accrued Salaries	<u>667</u>
	<u><u>\$ (115,689)</u></u>

See accompanying notes which are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies*Reporting Entity*

The Putnam Development Authority was created in April 1968 by an act of resolution by the State of Georgia. The board shall consist of five directors to be appointed by the governing authority of Putnam County. The Authority was formed to develop, promote, and expand for the public good and general welfare, industry and trade within Putnam County.

Basis of Presentation

The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The fund presented in this report is a Proprietary Fund Type - *Enterprise Fund*. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board had decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the statement of net position. Net position is segregated into investment in capital assets, restricted and unrestricted components.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the Authority are from the sale of land. Operating expenses for the Authority include the cost of these goods and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Intergovernmental revenues restricted for capital acquisitions are reported as capital contributions in the statement of revenues, expenses and changes in net position.

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

(1) Summary of Significant Accounting Policies (Continued)

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

The Authority is not legally required to adopt a budget.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and highly liquid investments with an original maturity of three months or less.

Investments - Certificates of Deposit

Investments in certificates of deposit are stated at cost, which approximates fair value.

Notes Receivables

These receivables include notes issued to businesses which were approved by resolution of the Authority.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The consumption method is used by recording an asset for the prepaid amount and by recording the expense in the period in which services are consumed.

Capital Assets

Capital assets are carried at cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Land Improvements	15
Machinery and Equipment	10

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

(1) Summary of Significant Accounting Policies (Continued)

Net Position

The difference between assets and liabilities is net position. Net position is reported in three categories:

- (1) *Net Investment in Capital Assets* - consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.
- (2) *Restricted Net Position* - results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.
- (3) *Unrestricted Net Position* - consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often is designated, indicating it is not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

Estimates

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

(2) Deposit and Investment Risk

At September 30, 2015, the carrying amounts of the Authority's deposits were \$282,781 and the bank balance was \$283,202. As of September 30, 2015, the Authority's investments consisted of certificates of deposit in the amount of \$106,206.

Credit Risk. State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The Authority has no investment policy that would further limit its investment choices.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits and investments may not be returned. Statutes require collateral pledged in the amount of 110 percent of deposits exceeding the FDIC-insured limit. As of September 31, 2015, all of the Authority's deposits and investments were insured by FDIC insurance coverage or secured by pledged collateral.

Concentration of Credit Risk. The Authority has no formal policy on the amount the Authority may invest in any one issuer.

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

(3) Note Receivable

On January 1, 2014, the Authority renewed a note receivable with a principal amount of \$363,450. The note receivable requires monthly payment of principal and interest of \$2,699 and bears interest at a rate of 4.00 percent per annum. The note matures on January 1, 2017 and secured by real estate. The principal balance outstanding as of September 30, 2015 was \$332,729.

(4) Capital Assets

Capital asset activity for the Authority for the fiscal year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Assets				
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
Land Held for Sale	1,629,600	-	-	1,629,600
Construction in Progress	-	25,358	-	25,358
	<u>2,129,600</u>	<u>25,358</u>	<u>-</u>	<u>2,154,958</u>
Depreciable Assets				
Land Improvements	660,561	-	-	660,561
Building	1,000,000	-	-	1,000,000
Machinery and Equipment	350,000	-	-	350,000
	<u>2,010,561</u>	<u>-</u>	<u>-</u>	<u>2,010,561</u>
Less Accumulated Depreciation				
Land Improvements	(18,349)	(44,037)	-	(62,386)
Building	(302,083)	(25,000)	-	(327,083)
Machinery and Equipment	(350,000)	-	-	(350,000)
	<u>(670,432)</u>	<u>(69,037)</u>	<u>-</u>	<u>(739,469)</u>
Total Depreciable Assets, Net	<u>1,340,129</u>	<u>(69,037)</u>	<u>-</u>	<u>1,271,092</u>
Total Capital Assets, Net	<u><u>\$ 3,469,729</u></u>	<u><u>\$ (43,679)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,426,050</u></u>

(5) Conduit Debt

The Authority has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying loans or leases. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Authority nor the State of Georgia or any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2015, the current aggregate issued and outstanding conduit debt is \$2,500,000.

(6) Risk Financing Activities

The Authority is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to and destruction of assets; injuries to employees; error and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

March 22, 2016

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

The Members of the Board
Putnam Development Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the **Putnam Development Authority** (the Authority) as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 22, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC