### FANNIN COUNTY, GEORGIA

Annual Financial Report



### FANNIN COUNTY, GEORGIA ANNUAL FINANCIAL REPORT For the year ended December 31, 2015

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#### **Independent Auditor's Report**

Honorable Chairman and Members of the Board Commissioners Fannin County, Georgia

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fannin County, Georgia, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Fannin County, Georgia's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fannin County Department of Public Health or the Fannin County Water Authority, which represent 72.1% of the assets, 68.0% of the net position, and 97.6% of the revenues of the County's component units for the year ended December 31, 2015. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fannin County Department of Public Health and the Fannin County Water Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinions**

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

#### **Other Matters**

#### Required Supplementary Information

Management has omitted the management's 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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 57 through 60, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fannin County, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### Other Reporting Required by Governmental Auditing Standards

Rushton & Company, LLC

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

Certified Public Accountants

Gainesville, Georgia June 22, 2016





#### FANNIN COUNTY, GEORGIA STATEMENT OF NET POSITION December 31, 2015

	Primary	Component Units					
	Governmental Activities	Fannin County Department of Public Health	Fannin County Development Authority	Fannin County Water Authority			
ASSETS	Addivides	T dono Health	Authority	Additionty			
Current assets							
Cash and cash equivalents	\$ 14,097,631	\$ 216,344	\$ 158,241	\$ 53,413			
Certificates of deposit	527,777	0	0	0			
Restricted cash and cash equivalents	0	0	0	291,507			
Receivables (net)							
Accounts	305,829	20,508	0	14,190			
Intergovernmental	742,521	736	385,510	0			
Taxes	1,968,253	0	0	0			
Receivable from primary government	0	0	33,902	76,706			
Inventories	0	630	0	11,318			
Prepaid items	314,995	0	0	7,249			
Total current assets	17,957,006	238,218	577,653	454,383			
Noncurrent assets							
Capital assets							
Non-depreciable	2,565,148	0	579,612	131,756			
Depreciable (net)	27,767,087	2,862	855,260	4,220,735			
Other assets							
Land	0	0	0	147,300			
Total noncurrent assets	30,332,235	2,862	1,434,872	4,499,791			
Total assets	48,289,241	241,080	2,012,525	4,954,174			
DEFERRED OUTFLOWS OF RESOURCES							
Pension contributions subsequent							
to measurement date	635,829	60,612	0	0			
Pension investment return differences	50,617	0	0	0			
Pension experience differences	0	777	0	0			
Deferred charges on refunding	28,255	0	0	0			
Total deferred outflows							
of resources	714,701	61,389	0	0			
LIABILITIES							
Current liabilities							
Payables							
Accounts	839,579	0	388,150	35,118			
Intergovernmental	33,902	0	0	0			
Interest	44,317	0	0	0			
Accrued liabilities	157,785	0	3,000	1,660			
Payable to primary government	0	0	42,974	200,000			
Unearned revenue	0	0	3,187	0			
Capital leases payable	204,915	0	0	0			
Notes payable	8,803	0	17,257	0			
Installment sale agreement payable	978,727	0	0	0			
Bonds payable	0	0	0	0			
Total current liabilities	2,268,028	0	454,568	236,778			

#### FANNIN COUNTY, GEORGIA STATEMENT OF NET POSITION December 31, 2015

	Primary	Component Units					
	Governmental Governmental Activities	Fannin County Department of Public Health	Fannin County Development Authority	Fannin County Water Authority			
Noncurrent liabilities							
Compensated absences	\$ 0	\$ 47,386	\$ 0	\$ 0			
Net pension liability	2,685,259	453,600	0	0			
Payable to primary government	0	0	0	144,506			
Capital leases payable	140,484	0	0	0			
Notes payable	38,215	0	427,374	0			
Installment sale agreement payable	5,267,925	0	0	0			
Bonds payable	0	0	0	1,862,000			
Total noncurrent liabilities	8,131,883	500,986	427,374	2,006,506			
Total liabilities	10,399,911	500,986	881,942	2,243,284			
DEFERRED INFLOWS OF RESOURCES							
Pension investment return differences	0	110,710	0	0			
NET POSITION							
Net investment in capital assets	23,616,376	2,862	990,241	2,145,985			
Restricted for:							
Law library operations	20,082	0	0	0			
Judicial activities	337,357	0	0	0			
Public safety activities	36,562	0	0	0			
Emergency 911 system operations	278,448	0	0	0			
Grant specifications	78,739	0	0	0			
Economic development	119,326	0	0	0			
Prior year program income	0	13,165	0	0			
Capital outlay	3,408,321	0	0	291,507			
Unrestricted	10,708,820	(325,254)	140,342	273,398			
Total net position	\$ 38,604,031	\$ (309,227)	\$ 1,130,583	\$ 2,710,890			

### FANNIN COUNTY, GEORGIA STATEMENT OF ACTIVITIES

		Program Revenues						
					Operating		Capital	Net
		Cl	narges for	C	Frants and	G	Frants and	(Expense)
	Expenses		Services	Co	ontributions	Co	ntributions	Revenue
FUNCTIONS/PROGRAMS								
Primary government								
Governmental activities								
General Government	\$ 3,175,592	\$	12,460	\$	350	\$	0	\$ (3,162,782)
Judicial	2,003,756		358,309		131,282		0	(1,514,165)
Public Safety	7,441,051		3,198,270		143,488		323,697	(3,775,596)
Public Works	6,868,681		304,382		0		769,917	(5,794,382)
Health and Welfare	423,661		1,768		0		0	(421,893)
Culture and Recreation	1,112,827		164,706		20,000		0	(928,121)
Housing and Development	1,441,756		0		0		0	(1,441,756)
Interest on long-term debt	185,803		0		0		0	 (185,803)
Total primary government	22,653,127		4,039,895		295,120		1,093,614	 (17,224,498)
Component Units								
Fannin County Department of Pub	olic Health							
Health and Welfare	540,590		265,135		259,594		0	(15,861)
Fannin County Development Auth	ority							
Housing and Development	189,932		98,244		2,863		0	(88,825)
Fannin County Water Authority								
Public Works	809,898		107,411		0		3,413,377	 2,710,890
Total component units	1,540,420		470,790		262,457		3,413,377	 2,606,204
	Primary			Com	ponent Units	;		
	Government	Fan	nin County	Fa	nnin County	Fai	nnin County	
	Governmental	Dep	partment of	De	evelopment		Water	
	Activities	Pu	blic Health		Authority		Authority	
Change in net position			_					
Net (expense) revenue	\$ (17,224,498)	\$	(15,861)	\$	(88,825)	\$	2,710,890	
General revenues Taxes								
	7 224 712		0		0		0	
Property Sales	7,334,713 8,155,681		0		0		0 0	
Excise lodging	1,405,953		0		0		0	
Insurance premium	1,104,571		0		0		0	
Franchise	128,247		0		0		0	
Other	366,857		0		0		0	
Interest and investment earnings	13,750		0		277		0	
Other	65,778		68,274		0		0	
Total general revenues	18,575,550		68,274		277	_	0	
Change in net position	1,351,052		52,413		(88,548)		2,710,890	
Net position - beginning (original)	38,936,967		173,705		1,219,131		0	
Prior period adjustments	(1,683,988)		(535,345)		0		0	
Net position - beginning (restated)	37,252,979		(361,640)		1,219,131		0	
Net position - ending	\$ 38,604,031	\$	(309,227)	\$	1,130,583	\$	2,710,890	

#### FANNIN COUNTY, GEORGIA BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2015

	General		cise Tax odging		SPLOST / Roads		Nonmajor overnmental Funds		Totals
ASSETS		-							
Cash and cash equivalents	\$ 8,798,937	\$	151,668	\$	3,124,825	\$	2,022,201	\$	14,097,631
Certificates of deposit	520,248	,	0	•	0	,	7,529	•	527,777
Receivables (net)	,		-		-		,,,,,		,
Accounts	261,130		0		0		44,699		305,829
Intergovernmental	645,574		0		0		96,947		742,521
Taxes	1,413,637		143,154		411,462		0		1,968,253
Due from other funds	1,240,370		0		66,607		81,559		1,388,536
Prepaid items	314,995		0		00,007		01,333		314,995
r repaid items	314,993								314,993
Total assets	\$ 13,194,891	\$	294,822	\$	3,602,894	\$	2,252,935	\$	19,345,542
LIABILITIES									
Accounts payable	\$ 379,421	\$	204,484	\$	242,345	\$	13,329	\$	839,579
Intergovernmental payables	6,749	*	0	•	0	•	27,153	•	33,902
Accrued liabilities	157,785		0		0		0		157,785
Due to other funds	0		87,780		1,084,639		216,117		1,388,536
Due to other funds		-	01,700		1,004,000	-	210,117	_	1,000,000
Total liabilities	543,955		292,264	_	1,326,984		256,599		2,419,802
DEFERRED INFLOWS OF RESOURC	ES								
Unavailable ambulance revenues	31,313		0		0		0		31,313
Unavailable property taxes	404,145		0		0		0		404,145
Total deferred inflows		-							-, -
of resources	435,458		0		0		0		435,458
FUND BALANCES									
Nonspendable:									
Prepaid items	314,995		0		0		0		314,995
Restricted for:	,								•
Law library operations	0		0		0		20,082		20,082
Judicial activities	0		0		0		337,357		337,357
Public safety activities	0		0		0		36,562		36,562
Emergency 911 system operations	0		0		0		278,448		278,448
Grant specifications	0		0		0		78,739		78,739
Economic development	0		0		0		119,326		119,326
Capital outlay	0		0		2,275,910		1,132,411		3,408,321
Assigned to:	3		·		-,		-,,		,, <b>,,,</b>
Tourism	0		2,558		0		0		2,558
Subsequent budget	30,160		0		0		0		30,160
Unassigned	11,870,323		0		0		(6,589)		11,863,734
Total fund balances	12,215,478		2,558		2,275,910		1,996,336		16,490,282
Total liabilities, deferred inflows									
of resouces, and fund balances	\$ 13,194,891	\$	294,822	\$	3,602,894	\$	2,252,935	\$	19,345,542

# FANNIN COUNTY, GEORGIA RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION December 31, 2015

Total fund balance - total governmental funds	\$	16,490,282
Amounts reported for governmental activities in the statement of net position are different because:		
Some assets are not financial resources and therefore are not reported in the funds. These are:		
Capital assets, net of accumulated depreciation		30,332,235
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		435,458
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds. These are:		
Deferred outflows of resources:		
Pension contributions subsequent to measurement date \$ Pension investment return differences	635,829 50,617	
Deferred charges on refunding	28,255	714,701
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These are:		
Accrued interest \$	(44,317)	
Net pension liability	(2,685,259)	
Capital leases payable	(345,399)	
Notes payable	(47,018)	
Installment sale agreement payable	(6,246,652)	(9,368,645)
Net position of governmental activities	\$	38,604,031

#### FANNIN COUNTY, GEORGIA STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

	General	Excise Tax Lodging	SPLOST / Roads	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	\$ 12,572,527	\$ 1,405,953	\$ 4,640,115	\$ 0	\$ 18,618,595
Licenses and permits	181,045	0	0	0	181,045
Fines, fees and forfeitures	324,556	0	0	104,467	429,023
Charges for services	1,785,702	0	0	379,566	2,165,268
Intergovernmental	2,146,251	0	0	483,645	2,629,896
Interest	12,106	28	4,093	3,578	19,805
Contributions	850	0	0	0	850
Other	63,951	0	35	1,792	65,778
Total revenues	17,086,988	1,405,981	4,644,243	973,048	24,110,260
EXPENDITURES					
Current					
General Government	3,074,359	0	0	0	3,074,359
Judicial	1,945,563	0	0	61,446	2,007,009
Public Safety	6,449,427	0	0	774,173	7,223,600
Public Works	1,478,677	0	0	0	1,478,677
Health and Welfare	346,295	0	0	34,000	380,295
Culture and Recreation	1,009,822	0	0	20,000	1,029,822
Housing and Development	455,312	983,778	0	0	1,439,090
Capital outlay	0	0	2,700,831	504,746	3,205,577
Debt service	1,338,694	0	0	0	1,338,694
Intergovernmental	0	0	1,018,389	464,960	1,483,349
Total expenditures	16,098,149	983,778	3,719,220	1,859,325	22,660,472
Excess (deficiency) of revenues					
over (under) expenditures	988,839	422,203	925,023	(886,277)	1,449,788
Other financing sources (uses)					
Transfers in	421,975	0	0	487,440	909,415
Transfers out	(23,641)	(421,975)	(463,799)	0	(909,415)
Sale of capital assets	0	0	0	718,924	718,924
Issuance of debt	119,132	0	0	0	119,132
Total other financing sources (uses)	517,466	(421,975)	(463,799)	1,206,364	838,056
Net change in fund balance	1,506,305	228	461,224	320,087	2,287,844
Fund balances, January 1 (original)	10,504,254	2,330	1,370,076	1,676,249	13,552,909
Prior period adjustments	204,919	0	444,610	0	649,529
Fund balances, January 1 (restated)	10,709,173	2,330	1,814,686	1,676,249	14,202,438
Fund balances, December 31	\$ 12,215,478	\$ 2,558	\$ 2,275,910	\$ 1,996,336	\$ 16,490,282

# FANNIN COUNTY, GEORGIA RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the year ended December 31, 2015

Net change in fund balances - total governmental funds	\$ 2,287,844
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlays         \$ 1,903,06*           Depreciation         (2,046,938)	
In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.	
Cost of assets disposed \$ (3,212,219) Related accumulated depreciation 2,310,012	,
Distributions of capital assets decrease net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. financial resources.	
Cost of assets distributed to Fannin County Water Authority \$ (859,808) Related accumulated depreciation	8) 0 (859,808)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
Pension contributions \$ 635,829 Cost of benefits earned net of employee contributions (564,430	
The proceeds of debt issuance, net of premiums, discounts and issuance costs provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.	
Debt proceeds \$ (119,132)  Debt principal payments 1,158,643  Amortization of deferred charges on refunding (13,180)  Net change in interest payable 7,428	3 O)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenue.	(136,061)
Change in net position of governmental activities	\$ 1,351,052

#### FANNIN COUNTY, GEORGIA GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET (GAAP) AND ACTUAL

	Buc	dget		Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 12,525,859	\$ 12,525,859	\$ 12,572,527	\$ 46,668
Licenses and permits	138,500	138,500	181,045	42,545
Fines, fees and forfeitures	311,000	311,000	324,556	13,556
Charges for services	1,232,200	1,232,200	1,785,702	553,502
Intergovernmental	1,394,140	1,394,140	2,146,251	752,111
Interest	10,000	10,000	12,106	2,106
Contributions	0	0,000	850	850
Other	89,400	89,400	63,951	(25,449)
Total revenues	15,701,099	15,701,099	17,086,988	1,385,889
EXPENDITURES				
Current General Government				
	700.040	700.040	760 207	27 522
Legislative	789,919	789,919	762,397	27,522
Elections	212,988	212,988	159,184	53,804
Purchasing	18,000	18,000	17,998	10.240
Tax Commissioner	405,039	405,039	394,699	10,340
Tax Assessor	905,694	956,754	902,276 806,238	54,478
Building and Grounds General Administration	722,893 21,500	885,493	,	79,255
Judicial	21,500	21,500	31,567	(10,067)
	264 640	264,619	239,567	25,052
Superior Court	264,619	•	•	· ·
Clerk of Superior Court	568,884	568,884	504,216	64,668
District Attorney	207,262 256,413	207,262 256,413	225,738	(18,476)
Magistrate Court Probate Court	·	•	221,205	35,208
Juvenile Court	270,475	288,427	308,736	(20,309)
	221,900	221,900	208,458	13,442
Public Defender	200,000	200,000	237,643	(37,643)
Public Safety	4 770 704	4 770 704	4 660 600	111 020
Sheriff	1,773,731	1,773,731	1,662,693	111,038
Detention Center	1,299,998	1,299,998	1,283,599	16,399
Resource Officer Drug Task Force	98,240 45,000	98,240	225,366 38,563	(127,126) 6,437
Probation Center	33,025	45,000	•	
	·	33,025	33,842	(817)
Fire	474,945	474,945	418,321	56,624
Emergency Medical Services	1,984,104	1,984,104	1,998,037	(13,933)
Coroner	51,645	51,645	46,621	5,024
E-911	375,200	375,200	450,243	(75,043)
Animal Control	214,900	214,900	170,932	43,968
Emergency Management	125,650	125,650	121,210	4,440
Public Works	1 407 600	4 407 600	4 464 700	22.000
Roads and Bridges Closure and Post Closure	1,497,690	1,497,690	1,464,702	32,988
Health and Welfare	15,000	15,000	13,975	1,025
Public Health	62,099	62,099	62,420	(321)
Welfare	50,658	50,658	19,681	(321) 30,977
Senior Citizen Center	176,430	176,430	244,194	(67,764)
Other Direct Assistance	20,000	20,000	20,000	(67,764)
Other Direct Assistance	20,000	20,000	20,000	U

#### FANNIN COUNTY, GEORGIA GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET (GAAP) AND ACTUAL

	Budget					Variance with		
		Original		Final		Actual	F	inal Budget
EXPENDITURES (continued)								
Current								
Culture and Recreation								
Recreation	\$	678,048	\$	678,048	\$	716,859	\$	(38,811)
Arts		114,205		114,205		93,656		20,549
Regional Library		199,093		199,093		199,307		(214)
Housing and Development								, ,
County Extension		24,001		24,001		19,850		4,151
Natural Resources and Conservation		9,000		9,000		7,695		1,305
Land Development		295,519		295,519		268,136		27,383
Development Authority		144,590		128,688		159,631		(30,943)
Debt service								
Principal		1,126,964		1,126,964		1,158,643		(31,679)
Interest and Other Charges		0		0		180,051		(180,051)
Total expenditures		15,955,321		16,171,031		16,098,149		72,882
Excess (deficiency) of revenues over expenditures		(254,222)		(469,932)		988,839		1,458,771
Other financing sources (uses)								
Transfers in		0		0		421,975		421,975
Transfers out		0		(102,114)		(23,641)		78,473
Issuance of debt		0		72,114		119,132		47,018
Total other financing sources (uses)		0		(30,000)		517,466		547,466
Excess (deficiency) of revenues and								
other financing sources over (under)								
expenditures and other financing uses		(254,222)		(499,932)		1,506,305		2,006,237
Fund balances, January 1 (original)		254,222		499,932		10,504,254		10,004,322
Prior period adjustments		0		0		204,919		204,919
Fund balances, January 1 (restated)		254,222		499,932		10,709,173		10,209,241
Fund balances, December 31	\$	0	\$	0	\$	12,215,478	\$	12,215,478

# FANNIN COUNTY, GEORGIA EXCISE TAX LODGING SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET (GAAP) AND ACTUAL

	Budget					Variance with			
	Original			Final		Actual		Final Budget	
REVENUES									
Taxes	\$	755,000	\$	755,000	\$	1,405,953	\$	650,953	
Interest		0		0		28		28	
Total revenues		755,000		755,000		1,405,981		650,981	
EXPENDITURES									
Current									
Housing and Development Tourism									
Contract services		755,000		755,000		983,778		(228,778)	
		·				· · · · · · · · · · · · · · · · · · ·		(220,110)	
Total expenditures		755,000		755,000		983,778		(228,778)	
Excess (deficiency) of revenues over expenditures		0		0		422,203		422,203	
Other financing sources (uses)									
Transfers in		0		0		(421,975)		(421,975)	
Excess (deficiency) of revenues and other financing sources over (under)									
expenditures and other financing uses		0		0		228		228	
Fund balances, January 1		0		0		2,330		2,330	
Fund balances, December 31	\$	0	\$	0	\$	2,558	\$	2,558	

# FANNIN COUNTY, GEORGIA STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES FIDUCIARY FUNDS December 31, 2015

	Agency Funds	
ASSETS		
Cash and cash equivalents	\$ 5,951	,988
Taxes receivable, net	3,112	,605
Total assets	\$ 9,064	,593
LIABILITIES		
Due to others	\$ 9,064	,593
Total liabilities	\$ 9,064	,593

#### 1. Description of Government Unit

Fannin County operates under a County Commission form of government and is governed by a chairman and two post commissioners, elected at large. The County provides the following services: public safety, judicial, public works, health and welfare, culture and recreation, housing and development, and general administrative services.

#### 2. Summary of Significant Accounting Policies

#### A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. The primary government includes governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

#### B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Fannin County (the primary government) and material component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, the financial statements of component units have been included either as blended or discretely presented component units.

#### 2. Summary of Significant Accounting Policies (continued)

#### B. Reporting Entity, continued

<u>Blended Component Units</u> – Blended component units, although legally separate entities, are, in substance, part of the Government's operations.

<u>Fannin County Building Authority</u> – The Building Authority is governed by a board appointed by the County Commissioners who have the ability to impose their will on the Building Authority. Although it is legally separate from the County, the Building Authority is reported as if it is a part of the primary government, as a blended component unit, because its primary purpose is to acquire, construct, and maintain capital projects for use by the County. Separate financial statements for the Building Authority are not prepared. Financial information related to the Fannin County Building Authority may be obtained from the Office of the County Clerk of Fannin County, Georgia.

<u>Discretely Presented Component Units</u> – Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize they are legally separate from the government.

Fannin County Department of Public Health – The Health Department is governed by a seven member board comprised of a Fannin County Commission representative, the Fannin County school superintendent, a licensed physician practicing in Fannin County, a City of Blue Ridge Council representative, two members appointed by the Fannin County Commission, and on member appointed by the City of Blue Ridge Council. The Health Department is reported as a component unit of the County because it is fiscally accountable. The Health Department provides health related services to residents of Fannin County. The County provides the Health Department with its building space, liability insurance, maintenance on the building, and janitorial services. The presentation of the Health Department's financial information was taken from its audited financial report as of June 30, 2015. Separate financial statements for the Health Department can be obtained from their administrative offices at Georgia Department of Health Resources, Northwest Health District, 111 Bryant Crossing, Suite AA, Dalton, Georgia 30720.

#### 2. Summary of Significant Accounting Policies (continued)

#### B. Reporting Entity, continued

<u>Fannin County Development Authority</u> – The Development Authority provides a means to develop and promote trade, commerce, industry, and employment opportunities within the County. The Development Authority is used as a flow through for grant monies and expenditures for real estate development projects. All nine board members are appointed by the County and the County has a significant financial relationship with the Development Authority. Separate financial statements for the Development Authority are not prepared. Financial information for the Fannin County Development Authority may be obtained from the Office of the County Clerk of Fannin County, Georgia.

<u>Fannin County Water Authority</u> – The Water Authority acquires, constructs, equips, maintains, and operates adequate water supply, treatment, and distribution facilities and sewerage collection, treatment, and distribution facilities, making such facilities and services available to public and private consumers and users located in the County. The Water Authority receives SPLOST allocated for water purposes from the County. All seven board members are appointed by the County and the County has a significant financial relationship with the Water Authority. Separate financial statements for the Water Authority may be obtained from their administrative offices at 400 West Main Street, Suite 101 B, Blue Ridge, Georgia 30513.

<u>Fannin County Parks and Recreation Commission</u> – The Parks and Recreation Commission operates under the direction of a seven member board. All members are appointed by the County. Through 2012, the Parks and Recreation Commission was responsible for the management and maintenance of parks and recreation facilities for the benefit of Fannin County citizens. In 2013, this responsibility was assumed by the County and the bank account of the Parks and Recreation Commission was closed.

#### 2. Summary of Significant Accounting Policies (continued)

#### C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has three discretely presented component units. While they are not considered to be major component units, they are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

**General Fund** - The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

**Excise tax Lodging Fund** – This fund is used to account for collection of special sales tax to be used for tourism promotion within the County.

#### 2. Summary of Significant Accounting Policies (continued)

#### D. Basis of Presentation – Fund Financial Statements, continued

**Special Purpose Local Option Sales Tax / Roads Fund** – This fund is used to account for the financial resources provided from the Special Purpose Local Option Sales Tax in which such resources are to be used for the maintenance and construction of roads, streets, and bridges or other legally authorized purposes.

Additionally, the County reports the following fund types:

#### Governmental Fund Types

**Special Revenue Funds** – accounts for the proceeds of specific revenue sources that are legally or donor restricted to be expended for specified purposes.

**Capital Projects Funds** – accounts for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

#### Fiduciary Fund Types

**Agency Funds** - Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the County or for others.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

#### 2. Summary of Significant Accounting Policies (continued)

#### E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

#### 2. Summary of Significant Accounting Policies (continued)

#### E. Measurement Focus and Basis of Accounting, continued

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

#### F. Revenues and Expenditures/Expenses

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### 2. Summary of Significant Accounting Policies (continued)

#### G. Budgetary Information

Applicable statues of the State of Georgia require the County to operate under an annual balanced budget adopted by resolution. A budget is defined as being balanced when the sum of estimated revenues and appropriated fund balance is equal to appropriations. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- The County's annual budgets are prepared on anticipated revenues and appropriated expenditures. Revenue anticipation, generally conservative, is designed to help ensure fiscal responsibility and maintain a balanced budget. The operating budget includes proposed expenditures and the means of financing them are based on prior year results and estimated current needs.
- 2. Public hearings are conducted by the Board of Commissioners to obtain taxpayer comments.
- 3. On or before August 15<sup>th</sup> of the preceding year, all agencies of the government submit requests for appropriations to the Chairman of the Board of Commissioners. Before September 1<sup>st</sup>, the proposed budget is presented to the Board of Commissioners for review. The final budget must be prepared and adopted no later than December 1<sup>st</sup>.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level. The Chairman of the Board of Commissioners is authorized to transfer amounts between accounts within any department. All supplemental appropriations or transfers of appropriations between departments must be approved by the Board of Commissioners.

#### 2. Summary of Significant Accounting Policies (continued)

#### G. Budgetary Information, continued

Annual appropriated budgets are adopted on a modified accrual basis which is consistent with generally accepted accounting principles for governmental funds. Budgets are adopted for the General Fund and each special revenue fund. Capital projects funds have project length budgets. Budget amounts are as originally adopted, or as amended by the Board of Commissioners. Supplementary appropriations made by the Board of Commissioners to original budget amounts were primarily to reflect the need for additional operating and capital expenditures in certain departments. All annual appropriations lapse at year-end. The County did not adopt a budget for the Law Library Special Revenue Fund, Clerks Technology Special Revenue Fund, Revolving Loan Special Revenue Fund, or the Donations / Special Projects Special Revenue Fund for the year ended December 31, 2015.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not employed by the County.

#### H. Cash and Investments

Amounts reported as cash and equivalents by the County in the accompanying financial statements include cash on hand and on deposit with financial institutions.

State of Georgia statues require all financial institution deposits and investments in excess of federal depository insured amounts to be fully collateralized by an equivalent amount of state or U.S. obligations. State of Georgia statutes authorize the County to invest in U.S. Government obligations; obligations fully insured or guaranteed by the U. S. Government or by a government agency of the United States; obligations of any Corporation of the U. S. Government; State of Georgia obligations and other States; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia; repurchase agreements when collateralized by U.S. Government or agency obligations; prime banker's acceptances; certificates of deposit or time deposit of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

#### 2. Summary of Significant Accounting Policies (continued)

#### H. Cash and Investments, continued

In accordance with the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, the County has reported the investments at fair value. Money market investments and those investments which had a remaining maturity at the time of purchase of one year or less are recorded at amortized cost or cost plus accrued interest, which approximates fair value. The fair value of all other investments are calculated using quoted market prices because these prices have been determined to be the most reliable and verifiable and are the most understood by investors, creditors and other users of financial information.

All investment income including changes in the fair market value of investments has been reported as revenue in the operating statements.

#### I. Intergovernmental Receivables

Receivables from state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

#### J. Inventories

Certain governmental fund-types had a de minimis amount of expendable supplies on hand at year end. Accordingly, none are shown on the balance sheets at year-end. The County uses the purchase method of accounting for the purchase of materials and supplies or services. These items are charged directly to the expenditure account.

#### K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015 are recorded as prepaid items. The costs of governmental fund-type prepaid items are recorded as expenditures when consumed rather than when purchased.

#### 2. Summary of Significant Accounting Policies (continued)

#### L. Capital Assets

Capital assets of governmental activities, which include land, buildings and improvements, machinery and equipment, and infrastructure (such as roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets, not including infrastructure, are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of two or more years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. General infrastructure assets acquired prior to July 1, 2001, consist of road network assets that were acquired or that received substantial improvements subsequent to January 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The capitalization threshold for infrastructure is \$50,000. Donated capital assets are recorded at estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are expensed as incurred.

Land and construction in progress are not depreciated. Other capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

	Useful Life
	in Years
Land	N/A
Construction in progress	N/A
Infrastructure	30
Buildings and improvements	20-50
Machinery and equipment	2-15

#### 2. Summary of Significant Accounting Policies (continued)

#### M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows of resources for a deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The County also reports deferred outflows of resources related to their defined benefit pension plan.

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

#### N. Compensated Absences

The County offers full-time employees compensated time off for vacation and sickness. Vacation leave is determined by the years of service and sick leave is accrued at one-half day per month, or six days per year. Vacation leave is forfeited if not taken by December 31st of each calendar year. Therefore, it is expensed as incurred. Accrued and unpaid sick leave at year-end is not recorded as a liability as it is contingent upon employees' future illness and is not paid upon separation of service.

#### 2. Summary of Significant Accounting Policies (continued)

#### O. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### P. Fund Balance Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### Q. Restricted Assets and Restricted Net Position

Restricted assets represent certain resources restricted by funding source or required to be set aside for the repayment of debt. They are maintained in a separate bank account and their use is limited.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of restricted net position.

#### 2. Summary of Significant Accounting Policies (continued)

#### R. Fund Balances – Governmental Funds

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

**Fund Balance** – Generally, fund balance represents the difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

In the fund financial statements, governmental funds report the following classifications of fund balance:

**Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at December 31, 2015 by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.

**Restricted** – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

**Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Commissioners, the County's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution, which shall refer to the original resolution by its number.

**Assigned** – includes amounts that are intended to be used by the County for a specific purpose, but do not meet the definition of restricted or committed fund balance. Intent can only be expressed by the Board of Commissioners or their designee. Assigned Fund Balance differs from Committed Fund Balance in that assignments do not require a resolution.

### 2. Summary of Significant Accounting Policies (continued)

#### R. Fund Balances – Governmental Funds, continued

**Unassigned** – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In addition, any remaining deficits in the County's governmental funds which remain after all other fund balances have been exhausted are classified as unassigned.

#### S. Net Position

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

#### T. Pensions

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

### 2. Summary of Significant Accounting Policies (continued)

#### U. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities under governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Prepaid bond insurance is amortized over the term of the debt. Issuance costs are recognized during the current period.

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as any other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

#### V. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as program revenue.

#### W. Management Estimates

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

### 3. Deposit and Investment Risk

#### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned. The County has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

Investments consist of certificates of deposit placed with FDIC insured financial institutions.

#### **Interest Rate Risk**

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

#### **Credit Risk**

State of Georgia law limits investments to include certificates of deposit, prime bankers' acceptances, repurchase agreements, direct and agency obligations of the United States, obligations of any corporation of the United States government, 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 County has no investment policy that would further limit its investment choices.

#### **Concentration of Credit Risk**

The County has no formal policy on the amount the County may invest in any one issuer.

#### **Foreign Currency Risk**

The County has no investments denominated in a foreign currency.

# 4. Accounts Receivable

Net accounts receivable at December 31, 2015 consist of the following:

Primary Government:			
Major Funds			
General Fund	\$ 384,651		
Less: Allowance for Uncollectible Accounts	 (123,521)	\$	261,130
Nonmajor Funds			
Special Revenue Funds			
Emergency 911			44,699
Total primary government		\$	305,829
		,	
Component Units			
Fannin County Department of Public Health		\$	20,508
Fannin County Water Authority	\$ 14,990		
Less: Allowance for Uncollectible Accounts	(800)	\$	14,190

# 5. Intergovernmental Receivables

Intergovernmental receivables at December 31, 2015 consist of the following:

Primary Government: Major Funds General Fund Georgia Department of Revenue Georgia Department of Transportation Appalachian Judicial Circuit Fannin County Department of Public Health Fannin County Water Authority Fannin County Board of Education Cherokee County, Georgia City of Blue Ridge, Georgia	\$ 241,496 63,296 33,730 433 291,409 9,148 2,134 3,928	\$ 645,574
Nonmajor Funds Multiple Grant Special Revenue Fund Georgia Bureau of Investigation Georgia Department of Human Services Georgia Emergency Management Agency	\$ 18,212 11,500 22,166	51,878
Crime Victims Assistance Special Revenue Fund City of Blue Ridge, Georgia		885
Drug Special Revenue Fund City of Blue Ridge, Georgia Jail Special Revenue Fund		1,094
City of McCaysville, Georgia Revolving Loan Special Revenue Fund		116
Fannin County Development Authority		42,974
Total		\$ 742,521
Component Units Fannin County Department of Public Health Charakas County Department of Public Health		¢ 726
Cherokee County Department of Public Health		\$ 736
Fannin County Development Authority Georgia Cities Foundation Georgia Department of Community Affairs Fannin County, Georgia	\$ 334,778 50,732 33,902	\$ 419,412
Fannin County Water Authority Fannin County, Georgia		\$ 76,706

### 6. Property Taxes

Property tax rates are set by the County Board of Commissioners each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for digest year 2015, based upon the assessments as of January 1, 2015, were levied on August 26, 2015, billed on October 16, 2015, and due on December 20, 2015. Tax liens may be issued within three years after the due date.

Taxes receivable as of December 31, 2015, consist of property taxes for seven years as follows:

Year of	
Levy	
2015	\$ 886,313
2014	163,904
2013	49,345
2012	20,618
2011	17,899
2010	8,973
2009	4,997
	1,152,049
Less allowance for uncollectible	(181,396)
Total	\$ 970,653

\$723,157 of sales taxes, \$128,405 of franchise taxes, \$2,884 in alcoholic beverage taxes, and \$143,154 of hotel/motel taxes are also included in taxes receivable.

### 7. Interfund Receivables and Payables

A summary of interfund receivables and payables as of December 31, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Excise Tax Lodging SPLOST / Roads	\$ 87,780 1,003,080
	Nonmajor Governmental	149,510
SPLOST / Roads	Nonmajor Governmental	66,607
Nonmajor Governmental	SPLOST / Roads	81,559
		\$ 1,388,536

The balances reported as Due to/Due from resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made.

### 8. Interfund Transfers

A summary of interfund transfers as of December 31, 2015 is as follows:

Transfer Out Fund Transfer In Fund		 Amount	
General	Nonmajor Governmental	\$ 23,641	
Excise Tax Lodging	General	421,975	
SPLOST / Roads	Nonmajor Governmental	463,799	
		\$ 909,415	

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) move capital assets between governmental activities and business-type activities.

# 9. Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2015 was as follows:

	Balance	Balance		
	12/31/2014	Increases	<b>Decreases</b>	12/31/2015
Governmental activities				
Non-depreciable assets				
Land \$	1,767,165	\$ 487,668	\$ (1,200)	\$ 2,253,633
Construction in progress	1,578,732	311,515	(1,578,732)	311,515
Total non-depreciable assets	3,345,897	799,183	(1,579,932)	2,565,148
Depreciable assets				
Infrastructure	26,254,610	1,811,058	(1,847,848)	26,217,820
Buildings and improvements	19,934,859	0	(214,778)	19,720,081
Machinery and equipment	13,094,337	871,552	(2,008,201)	11,957,688
Total depreciable assets	59,283,806	2,682,610	(4,070,827)	57,895,589
Less accumulated depreciation				
Infrastructure	(14,386,172)	(934,075)	257,294	(15,062,953)
Buildings and improvements	(4,960,922)	(456,268)	161,922	(5,255,268)
Machinery and equipment	(11,044,485)	(656,592)	1,890,796	(9,810,281)
Total accumulated depreciation	(30,391,579)	(2,046,935)	2,310,012	(30,128,502)
Total depreciable assets, net	28,892,227	635,675	(1,760,815)	27,767,087
Governmental activities capital assets, net \$	32,238,124	\$ 1,434,858	\$ (3,340,747)	\$ 30,332,235

Capital asset activity for the discretely presented component units for the respective year ends was as follows:

	Balance 6/30/2014		Increases		Decreases		Balance 6/30/2015	
Fannin County Department of Public Healt	th							
Depreciable assets								
Computer equipment	\$	5,391	\$	0	\$	0	\$	5,391
Office equipment		8,791		0		0		8,791
Leasehold improvements		6,580		0		0		6,580
Total depreciable assets		20,762		0		0		20,762
Less accumulated depreciation		_				_		
Computer equipment		(749)		(1,797)		0		(2,546)
Office equipment		(8,791)		0		0		(8,791)
Leasehold improvements		(5,960)		(603)		0		(6,563)
Total accumulated depreciation		(15,500)		(2,400)		0		(17,900)
Total depreciable assets, net		5,262		(2,400)		0		2,862
Fannin County Department of Public Health								
capital assets, net	\$	5,262	\$	(2,400)	\$	0	\$	2,862

# 9. Capital Assets (continued)

		Balance 12/31/2014		Increases	ı	Decreases		Balance 12/31/2015
Fannin County Development Authority					_			_
Non-depreciable assets  Land	\$	579,612	\$	0	\$	0	\$	579,612
Total non-depreciable assets	Ψ	579,612	Ψ	0	Ψ	0	Ψ	579,612
Depreciable assets		0.0,0.=	_		_			0.0,0.2
Land improvements		5,000		0		0		5,000
Buildings and improvements Equipment		1,333,255 110,546		0 5,725		(143,027) (110,546)		1,190,228 5,725
Total depreciable assets		1,448,801	_	5,725	_	(253,573)		1,200,953
Less accumulated depreciation		1,110,001	_	0,120	_	(200,010)		1,200,000
Land improvements		(5,000)		0		0		(5,000)
Buildings and improvements Equipment		(344,178) (97,476)		(84,885) (2,225)		88,643 99,428		(340,420) (273)
Total accumulated depreciation		(446,654)		(87,110)	_	188,071		(345,693)
Total depreciable assets, net		1,002,147	_	(81,385)	_	(65,502)		855,260
Fannin County Development Authority		1,002,111	_	(01,000)	_	(00,002)		000,200
capital assets, net	\$	1,581,759	\$	(81,385)	\$	(65,502)	\$	1,434,872
		Balance 6/1/2014		Increases		Decreases		Balance 6/30/2015
Fannin County Water Authority								
Non-depreciable assets  Land and land rights	\$	0	\$	3,741,843	\$	(3,662,367)	\$	79,476
Construction in progress		0	_	407,734	_	(355,454)	_	52,280
Total non-depreciable assets		0		4,149,577		(4,017,821)		131,756
Depreciable assets Land improvements		0		83,822		0		83,822
Wells and tanks		0		413,742		0		413,742
Water systems		0		3,398,047		0		3,398,047
Buildings and improvements  Machinery and equipment		0 0		20,400		0 0		20,400
Total depreciable assets		0	_	368,070 4,284,081	_	0		368,070 4,284,081
Less accumulated depreciation			_	7,207,001	_		_	4,204,001
Land improvements		0		(1,397)		0		(1,397)
Wells and tanks Water systems		0 0		(3,810) (41,322)		0		(3,810) (41,322)
Buildings and improvements		0		(340)		0 0		(41,322)
Machinery and equipment		0		(16,477)		0		(16,477)
Total accumulated depreciation		0		(63,346)		0		(63,346)
Total depreciable assets, net		0		4,220,735		0		4,220,735
Fannin County Water Authority capital assets, net	\$	0	\$	8,370,312	\$	(4,017,821)	\$	4,352,491

### 9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

#### **Primary Government**

Governmental activities General Government Judicial Public Safety Public Works Health and Welfare Culture and Recreation Housing and Development	\$	225,887 731 622,331 1,052,583 43,295 96,526 5,582
Total depreciation expense for governmental activities	\$ 2	2,046,935
Component units Fannin County Department of Public Health Fannin County Development Authority Fannin County Water Authority	\$	2,400 87,110 63,346
Total depreciation expense for component units	\$	152,856

## 10. Capital Lease Agreements

#### Governmental Activities

The County has entered into lease agreements to finance the acquisition of certain public safety vehicles. The terms of the agreements meet the criteria of capital leases as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The leases bear interest at rates varying from 1.61% to 4.90% and require annual payments through 2018. The principal balance of the leases at December 31, 2015 is \$345,399 for governmental activities. As of December 31, 2015, the County had \$909,111 of vehicles (reported as machinery and equipment), with associated accumulated depreciation of \$440,539 financed under the capital leases. Depreciation expense for 2015 on the leased assets totaled \$141,729.

### 10. Capital Lease Agreements (continued)

#### Governmental Activities, continued

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of December 31, 2015:

Year Ending December,	Governmental Activities				
2016	\$	213,780			
2017		118,554			
2018		24,870			
		357,204			
Less amounts representing interest		(11,805)			
Present value of minimum lease payments	\$	345,399			

### 11. Long-Term Debt

#### Governmental Activities

#### Installment Sale Agreement

During December 2011, the County entered into an Installment Sale Agreement with the Association of County Commissioners of Georgia (the "ACCG") for the purpose of refunding outstanding certificates of participation and revenue bonds issued in 2001 in conjunction with the construction of a new courthouse and jail facilities and the purchase of land for a County park. The substance of the agreement provided for the sale and simultaneous repurchase of the County's courthouse and jail facilities for a cost of \$9,325,250, an amount sufficient to refund the outstanding certificates and bonds, and to fund other costs of the transaction. The ACCG has assigned this Installment Sale Agreement to Bank of America.

## 11. Long-Term Debt (continued)

#### Governmental Activities, continued

#### Installment Sale Agreement (continued)

The reacquisition price of the refunded certificates and bonds included a call premium payment in the amount of \$81,700. This call premium (deferred charges on refunding) is reported as a deferred outflow of resources in the accompanying statement of net position and is being amortized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt, which is through 2021. Current year amortization of the call premium was \$13,180.

The installment sale agreement bears interest at a rate of 2.39% and matures in 2021. The County's debt service requirements to maturity on the installment sale agreement are as follows:

Year Ending December 31,	Principal		ı	Interest		Total
2016	\$ 978,727	-;	\$	143,447	\$	1,122,174
2017	1,004,704			119,900		1,124,604
2018	1,028,657			95,745		1,124,402
2019	1,050,470			71,030		1,121,500
2020	1,074,973			45,777		1,120,750
2021	 1,109,121			13,254		1,122,375
Totals	\$ 6,246,652	_;	\$	489,153	\$	6,735,805

### 11. Long-Term Debt (continued)

#### Governmental Activities, continued

#### **Notes Payable**

During October 2015, the County entered into a note payable agreement in the original amount \$47,018 with a local financial institution for the purchase of a public safety vehicle. The note bears interest at a rate of 3.25%, requires annual payments of \$10,354, and matures in 2020. The County's debt service requirements to maturity on the note are as follows:

Year Ending December 31,	 Principal	In	nterest	 Total
2016	\$ 8,803	\$	1,551	\$ 10,354
2017	9,094		1,260	10,354
2018	9,394		960	10,354
2019	9,703		651	10,354
2020	10,024	_	330	 10,354
Totals	\$ 47,018	\$	4,752	\$ 51,770

#### Fannin County Development Authority Component Unit

#### **Notes Payable**

During 2011, the Fannin County Development Authority entered into a \$500,000 note payable agreement with the OneGeorgia Authority for the purpose of renovating a building purchased by the Authority in 2010. The agreement was awarded in two parts. Part One of the award was in the amount of \$352,658 and at December 31, 2012, was fully drawn. This portion of the note becomes due and begins amortization on the earlier of five years from the last drawdown on the note or at the time the building becomes 70% leased. During 2012, the Authority completed and leased an additional portion of the building, which activated the amortization of \$221,283 of Part One. The agreement provides for repayment of Part One over a 20 year term at 0% interest.

### 11. Long-Term Debt (continued)

#### Fannin County Development Authority Component Unit, continued

#### Notes Payable (continued)

The Authority's debt service requirements to maturity under the active portion of Part One are as follows:

Year Ending					
December 31,	ı	Principal	ı	nterest	Total
2016	\$	11,063	\$	0	\$ 11,063
2017		11,063		0	11,063
2018		11,063		0	11,063
2019		11,063		0	11,063
2020		11,063		0	11,063
2021-2025		55,316		0	55,316
2026-2030		55,316		0	55,316
2031-2032		22,127		0	 22,127
Totals	\$	188,074	\$	0	\$ 188,074

Part Two of the award was for \$147,362 and is considered an intergovernmental contract with OneGeorgia Authority. Part Two became due and payable during December 2011. The schedule below reflects the amortization of Part Two of the loan over a term of 20 years at 3.0% interest. This portion of the loan was also used for the renovation of space in the building, which was completed and leased during 2011. The Authority's debt service requirements to maturity under Part Two are as follows:

Year Ending				
December 31,	I	Principal	nterest	Total
2016	\$	6,194	\$ 3,686	\$ 9,880
2017		6,382	3,498	9,880
2018		6,575	3,305	9,880
2019		6,775	3,105	9,880
2020		6,980	2,900	9,880
2021-2025		38,209	11,191	49,400
2026-2030		44,369	5,031	49,400
2031		9,698	182	 9,880
Totals	\$	125,182	\$ 32,898	\$ 158,080

### 11. Long-Term Debt (continued)

#### Changes in Long - Term Debt

The following is a summary of changes in long-term debt of the County and discretely presented component units for the respective year ends:

	Balance 12/31/2014	Additions	Deductions	Balance 12/31/2015	Due Within One Year
Governmental activities Installment sale agreement Notes payable Capital leases payable	\$ 7,207,105 0 471,475	\$ 0 47,018 72,114	\$ 960,453 0 198,190	\$ 6,246,652 47,018 345,399	\$ 978,727 8,803 204,915
Totals	\$ 7,678,580	\$ 119,132	\$ 1,158,643	\$ 6,639,069	\$ 1,192,445
	Balance 6/30/2014	Additions	Deductions	Balance 6/30/2015	Due Within One Year
Fannin County Department of Pu Compensated absences	blic Health \$ 45,394	\$ 17,246	\$ 15,254	\$ 47,386	\$ 0
	Balance 12/31/2014	Additions	Deductions	Balance 12/31/2015	Due Within One Year
Fannin County Development Aut OneGeorgia Authority Notes Paya	•				
Part One Part One (active) Part Two (active)	\$ 131,375 196,371 129,708	\$ 0 0 0	\$ 0 8,297 4,526	\$ 131,375 188,074 125,182	\$ 0 11,063 6,194
Totals	\$ 457,454	\$ 0	\$ 12,823	\$ 444,631	\$ 17,257
	Balance 6/1/2014	Additions	Deductions	Balance 6/30/2015	Due Within One Year
Fannin County Water Authority Payable to Primary Government Revenue Bond - Series A	\$ 0 0	\$ 976,772 1,862,000	\$ 632,266 0	\$ 344,506 1,862,000	\$ 200,000
Totals	\$ 0	\$ 2,838,772	\$ 632,266	\$ 2,206,506	\$ 200,000

The total interest incurred and charged to expense for the year ended December 31, 2015 was \$185,803 for governmental activities and \$2,886 for the Fannin County Development Authority Component Unit.

#### 12. Landfill Post-Closure Care Costs

State and Federal regulations required the County to close its solid waste landfill once its capacity was reached December 31, 1996, and to monitor and maintain the site after closure. The County elected an early closure date of April 10, 1994 when capacity was at eighty percent. During 1994, engineering studies estimated post closure costs of approximately \$66,121 to complete the closure of its landfill. These costs were based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of the expected date of closure. Amounts were expensed as closure of the landfill was completed. On February 1, 2000, the County received its closure certificate; therefore, no significant future expenditures are expected. At December 31, 2015, no liability remains for post closure care costs.

#### 13. Deficit Equity Balances

At December 31, 2015, the Jail Special Revenue Fund has a deficit fund balance of \$6,589. This is due to the payment of services in anticipation of future fine revenues. The County plans to liquidate this deficit fund balance through future revenue recognition.

### 14. Changes in Beginning Balances

#### Governmental Activities

A prior period adjustment has been made to record a net pension liability and related deferred outflows/inflows of resources at December 31, 2014. This adjustment was required with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This adjustment decreased beginning net position by \$2,305,012.

A prior period adjustment has been made to correct the balance of deferred inflows of resources related to ambulance revenues at December 31, 2014. This adjustment decreased beginning net position by \$28,505.

## 14. Changes in Beginning Balances (continued)

#### Governmental Activities, continued

#### **General Fund**

A prior period adjustment has been made to correct the recording of accounts receivable and the related allowance for doubtful accounts and deferred inflows of resources related to ambulance revenues at December 31, 2014. This adjustment increased beginning fund balance by \$134,552.

A prior period adjustment has been made to correct the balance of cash and cash equivalents at December 31, 2014. This adjustment increased beginning fund balance by \$70,367.

The net effect of these adjustments was to increase beginning fund balance in the General Fund by \$204,919.

#### SPLOST / Roads Capital Projects Fund

A prior period adjustment has been made to correct the recording of unearned revenue at December 31, 2014. This adjustment increased beginning fund balance by \$444,610.

The net effect of these adjustments was to decrease beginning net position in the Governmental Activities by \$1,683,988.

#### 15. Net Investment in Capital Assets

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows for the year ended December 31, 2015:

	Governmental			
		Activities		
Cost of capital assets	\$	60,460,737		
Accumulated depreciation		(30,128,502)		
Book value		30,332,235		
Capital-related accounts payable		(76,790)		
Capital leases payable		(345,399)		
Notes payable		(47,018)		
Installment sale agreement payable		(6,246,652)		
Net investment in capital assets	\$	23,616,376		

### 16. Retirement Plans

#### **Defined Benefit Pension Plan**

Plan Description. The County sponsors the Association of the County Commissioners of Georgia Restated Pension Plan for Fannin County Employees (The Plan), a defined benefit pension plan, an agent multiple-employer public employee retirement system. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Government Employees Benefits Corporation of Georgia, 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339. The Plan provides retirement, disability and death benefits to plan participants and beneficiaries. The Plan, through execution of an adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by the Government Employee's Benefit Corporation (GEBCorp). The ACCG, in its role as Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 17.01 of the ACCG Plan document. The County has the authority by resolution to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in section 17.02 of the ACCG Plan document.

# 16. Retirement Plans (continued)

#### Defined Benefit Pension Plan, continued

All full-time County employees meeting the provisions as set out in the adoption agreement are eligible to participate in the Plan after completing three years of service. Benefits vested at 100% after five years of service. Participants become eligible to retire at the earlier of: a) age 65 or b) the anniversary date of the required years of service under which the Plan specifies.

Current membership is as follows:

Retirees, beneficiaries, and disablees	
currently receiving benefits	57
Terminated participants entitled to but	
not yet receiving benefits	71
Active employees participating in the plan	144
Total number of participants	272

Benefits Provided. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.0% of average annual compensation up to \$10,000 plus 1.5% of average annual compensation in excess of \$10,000 plus \$50 multiplied by years of service. Compensation is averaged over a five year period prior to retirement or termination. The Plan also provides benefits in the event of death before retirement and early retirement subject to certain early retirement reduction factors.

Contributions. County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report. The County's actuarially determined contribution rate for the fiscal year ended December 31, 2015 was \$760,575, or 14.1% of covered-employee payroll. The County's covered payroll for employees participating in the Plan as of January 1, 2014, (the most recent actuarial valuation date) was \$5,377,003 (based on covered earnings for the preceding year). The County Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains the authority to change the policy. The administrative expenses set by contract between the ACCG and GEBCorp are in addition to the state-required annual funding requirement.

### 16. Retirement Plans (continued)

#### Defined Benefit Pension Plan, continued

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2015, the County reported a net pension liability of \$2,685,259. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. For the fiscal year ended December 31, 2015, the County recognized pension expense of \$564,430.

The components of the net pension liability are as follows:

_	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2013	\$ 11,083,337	\$ 8,252,550	\$ 2,830,787
Changes for the year:	_		
Service cost	277,997	0	277,997
Interest	816,202	0	816,202
Employer contributions	0	760,575	(760,575)
Net investment income	0	607,484	(607,484)
Benefit payments	(401,283)	(401,283)	0
Administrative expense	0	(28,197)	28,197
Other changes	0	(100,135)	100,135
Net changes	692,916	838,444	(145,528)
Balances at December 31, 2014	\$ 11,776,253	\$ 9,090,994	\$ 2,685,259
Plan fiduciary net position as a percentage of the total Covered employee payroll  Net pension liability as a percentage of covered employee.	77.20% \$ 5,377,003 49.94%		

# 16. Retirement Plans (continued)

#### Defined Benefit Pension Plan, continued

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

Deferred

	utflows of esources
Pension contributions subsequent to measurement date Net difference between projected and actual earnings	\$ 635,829
on pension plan investments	 50,617
	\$ 686,446

The \$635,829 of deferred outflows of resources resulting from the County's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year	
Ending	
December 31	
2016	\$ 12,655
2017	12,654
2018	12,654
2019	 12,654
Totals	\$ 50,617

### 16. Retirement Plans (continued)

#### Defined Benefit Pension Plan, continued

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

Inflation 3.00%

Future salary increases 5.00% per year with an age based scale

Cost of living adjustments N/A

Net investment rate of return 7.50%

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

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

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

### 16. Retirement Plans (continued)

#### Defined Benefit Pension Plan, continued

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

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

	Discount	Net Pension			
	Rate	Liability			
1% decrease	6.50%	\$ 4,414,617			
Current discount rate	7.50%	2,685,259			
1% increase	8.50%	1,247,475			

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

16. Retirement Plans (continued)

**Deferred Compensation Plan** 

The County maintains two (2) deferred compensation plans, which were created in accordance with Internal Revenue Code, Section 457. The plans are administered by independent plan administrators through an administrative agreement. The two administrators are Nationwide Retirement Solutions and GEBCorp. The County does not contribute funds to any of the plans. Member employees may elect to defer a portion of their salary until future years. Such deferred compensation is not available to the employees until termination, retirement, death, or financial hardship. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts are solely the

property and rights of the participants in the plans. During the year ended December 31, 2015,

employees contributed \$38,465 to the plans.

Other Plans

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

obtained from the plans' annual reports.

17. Hotel/Motel Lodging Tax

The County has levied a 5% lodging tax in accordance with OCGA 48-13-51. A summary of the transactions for the year ended December 31, 2015 follows:

Lodging Tax Receipts

\$ 1,405,953

Disbursements for trade and tourism

\$ 983,778 70% of tax receipts

### 18. Joint Ventures

Under Georgia law, the County, in conjunction with other counties and cities in the area, is a member of the Northwest Georgia Regional Commission (RC) and is required to pay annual dues thereto. During the year ended December 31, 2015, the County paid \$31,567 in such dues. Membership in the RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from Northwest Georgia Regional Commission, One Jackson Hill Drive, Rome, Georgia 30162.

### 19. Related Parties

The County entered into a license agreement on June 25, 1986 with the Tennessee Valley Authority (TVA) whereby the County has use of four TVA houses and land adjoining the Lake Blue Ridge dam site. The County is responsible for the maintenance, upkeep, and security of these properties. During 2015 and subsequent to year end, the County has discussed with the TVA a possible restructure of the license agreement under which the County would be able to use the property as a park for County residents.

#### 20. Risk Management

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County manages these risks by purchasing commercial insurance covering property and liability and professional liability claims. There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded insurance coverage in the past three years.

The County participates in the Association of County Commissioners of Georgia (ACCG) Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

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

The County's commercial insurance coverage is also with ACCG. Insurance coverage and deductible options for property, casualty, and crime under the policy are selected by the County's management based on anticipated needs. The County is required to pay all premiums, applicable deductibles, and assessments billed by ACCG, as well as follow loss reduction and prevention procedures established by ACCG.

### 20. Risk Management (continued)

ACCG's responsibility includes paying claims and representing the County in defense and settlement of claims. ACCG's basis for establishing the liabilities for unpaid claims is established by an actuary. The County is unaware of any claims for which the County is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2015.

### 21. Contingencies

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

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

# 22. Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted

During the fiscal year, the County incurred material expenditures in the General Fund which were in excess of the amounts appropriated:

Department	Budget		Actual		Variance
General Administration	\$ 21,500	\$	31,567	\$	(10,067)
District Attorney	207,262		225,738		(18,476)
Probate Court	288,427		308,736		(20,309)
Public Defender	200,000		237,643		(37,643)
Resource Officer	98,240		225,366		(127,126)
E-911	375,200		450,243		(75,043)
Senior Citizen Center	176,430		244,194		(67,764)
Recreation	678,048		716,859		(38,811)
Development Authority	128,688		159,631		(30,943)

# 22. Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted (continued)

Also during the fiscal year, the County incurred material expenditures in excess of the amounts appropriated in the following special revenue funds:

Fund		Budget Actual		Budget A		 Variance
Confiscated Assets	\$	5,000	\$	26,882	\$ (21,882)	
Multiple Grant		45,000		410,662	(365,662)	
Drug		35,000		43,025	(8,025)	
Excise Tax Lodging		755,000		983,778	(228,778)	



# FANNIN COUNTY, GEORGIA SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS LAST TEN YEARS

December 31, 2015 (Unaudited)

	Year End	
	_	2015
Total pension liability Service cost Interest Benefit payments, including refunds of employee contributions	\$	277,997 831,250 (416,331)
Net change in total pension liability		692,916
Total pension liability - beginning		11,083,337
Total pension liability - ending (a)	\$	11,776,253
Plan fiduciary net position Contributions - employer Net investment income Benefit payments, including refunds of employee contributions Administrative expense Other Net change in total pension liability Plan fiduciary net position - beginning Plan fiduciary net position - ending (b)	\$	760,575 607,484 (401,283) (28,197) (100,135) 838,444 8,252,550 9,090,994
Net pension liability (asset) - ending : (a) - (b)	\$	2,685,259
Plan's fiduciary net position as a percentage of the total pension liability		77.20%
Covered-employee payroll	\$	5,377,003
Net pension liability as a percentage of covered-employee payroll		49.94%

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

#### FANNIN COUNTY, GEORGIA SCHEDULE OF CONTRIBUTIONS LAST TEN YEARS December 31, 2015 (Unaudited)

	Year End	
		2015
Actuarially determined contribution Contributions in relation to the actuarially determined contribution	\$	760,575 (760,575)
Contribution deficiency (excess)	\$	0
Covered-employee payroll	\$	5,377,003
Contributions as a percentage of covered-employee payroll		14.14%

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

# FANNIN COUNTY, GEORGIA NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION December 31, 2015

### 1. Valuation Date

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

# 2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry Age Normal

Amortization method = Closed level dollar for remaining unfunded liability

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

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

Net investment rate of return = 7.50%

Future salary increases = 5.00% per year with an age based scale

Cost of living adjustments = N/A

Normal retirement age = 65

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

# FANNIN COUNTY, GEORGIA NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION December 31, 2015

### 3. Changes in Benefits

There have been no substantive changes since the last actuarial valuation.

### 4. Changes of Assumptions

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

Age banded salary increase rates were changed from 5.0% - 7.5% to 4.0% - 6.5%.

Age and service based employee termination rates were changed.

Mortality table was changed.

Retirement rates were revised.

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



#### NONMAJOR GOVERNMENTAL FUNDS

#### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally or donor restricted or committed to expenditure for particular purposes.

<u>Law Library Fund</u> – This fund is used to account for revenues generated through special filing charges in the County court system which are used to acquire and maintain law library materials.

<u>Confiscated Assets Fund</u> – This fund is used to account for confiscated seizures by Fannin County law enforcement from drug related crimes. Funds may be used for any public safety purpose except salaries of law enforcement personnel.

<u>Multiple Grant Fund</u> – This fund is used to account for grant monies received from various Federal and State agencies and the expenditure of these monies for the purposes intended.

<u>Crime Victims Assistance Fund</u> – This fund is used to account for the 4% fee added to Court fines to benefit the victims of crime and their families.

<u>Drug Fund</u> – This fund is used to account for the collection of penalty assessments in certain court cases. Proceeds may be expended only for drug abuse treatment and education programs.

<u>Jail Fund</u> – This fund is used to account for collection of penalty assessments in certain court cases. Proceeds are restricted for construction, operation, and staffing of the County's correction and detention center.

<u>Juvenile Fund</u> – This fund is used to account for collection of penalty assessments in juvenile related cases. Proceeds may be expended for operations, staffing, and juvenile related programs.

<u>Clerks Technology Fund</u> – This fund is used to account for monies received from the Georgia Superior Court Clerks Cooperative Association for technology upgrades in the Clerk of Court's Office.

Revolving Loan Fund – This fund is used to account for activities connected with a note receivable for a loan made with monies received from the USDA. As funds are accumulated, loans will be made for the economic development of the County.

<u>Donations / Special Projects Fund</u> – This fund is used to account for capital projects for use by the County and to account for donations or other revenues received for these purposes.

<u>Emergency 911 Fund</u> – This fund is used to account for receipt of fees imposed on land and wireless telephone lines in the County used to offset the operation and personnel costs of providing emergency services.

#### NONMAJOR GOVERNMENTAL FUNDS

#### CAPITAL PROJECTS FUNDS

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

<u>SPLOST/Capital Improvements Fund</u> – This fund is used to account for financial resources provided from the Special Purpose Local Option Sales Tax where such resources are to be used for prescribed capital projects.

<u>Water/Capital Projects Fund</u> – This fund is used to account for the financial resources provided from the Special Purpose Local Option Sales Tax where such resources are to be used for water projects. Expenditures incurred to date are for the development and construction of the County's future water system.

COMBINING STATEMENTS
Nonmajor Governmental Funds

### FANNIN COUNTY, GEORGIA COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS December 31, 2015

						Special	Reve	enue				
		Law Library		nfiscated Assets		Multiple Vi		Crime Victims Assistance		Drug		Jail
ASSETS			_		_		_		_		_	
Cash and cash equivalents Certificates of deposit Receivables	\$	12,553 7,529	\$	2,182 0	\$	79,695 0	\$	18,614 0	\$	33,286 0	\$	28,172 0
Accounts		0		0		0		0		0		0
Intergovernmental		0		0		51,878		885		1,094		116
Due from other funds		0		0	_	0		0		0		0
Total assets	\$	20,082	\$	2,182	\$	131,573	\$	19,499	\$	34,380	\$	28,288
LIABILITIES AND FUND BALANCES												
Liabilities												
Accounts payable	\$	0	\$	0	\$	9,791	\$	0	\$	0	\$	1,257
Intergovernmental payables		0		0	·	27,153	·	0	·	0	·	. 0
Due to other funds		0		0	_	15,890		0		0_		33,620
Total liabilities	_	0		0		52,834		0		0		34,877
Fund balances Restricted for:												
Law library operations		20,082		0		0		0		0		0
Judicial activities		0		0		0		19,499		0		0
Public safety activities		0		2,182		0		0		34,380		0
Emergency 911 system operations		0		0		0		0		0		0
Grant specifications		0		0		78,739		0		0		0
Economic development		0		0		0		0		0		0
Capital outlay		0		0		0		0		0		0
Unassigned		0		0	_	0		0		0		(6,589)
Total fund balances		20,082		2,182	_	78,739		19,499		34,380		(6,589)
Total liabilities and fund balances	\$	20,082	\$	2,182	\$	131,573	\$	19,499	\$	34,380	\$	28,288

 Special Revenue								Capital P	roject	s	_			
 Juvenile		Clerks Technology		Revolving Loan		Donations / Special Projects		Emergency 911		SPLOST / Capital provements	C	ater / apital ojects		Total Nonmajor overnmental Funds
\$ 48,497 0	\$	269,536 0	\$	76,352 0	\$	3,021 0	\$	335,277 0	\$	1,115,016 0	\$	0 0	\$	2,022,201 7,529
0 0 0		0 0 0		0 42,974 0		0 0 0		44,699 0 0		0 0 81,559		0 0 0		44,699 96,947 81,559
\$ 48,497	\$	269,536	\$	119,326	\$	3,021	\$	379,976	\$	1,196,575	\$	0	\$	2,252,935
\$ 175 0 0	\$	0 0 0	\$	0 0 0	\$	28 0 0	\$	1,528 0 100,000	\$	550 0 66,607	\$	0 0 0	\$	13,329 27,153 216,117
 175		0		0		28		101,528		67,157		0		256,599
0 48,322 0 0 0		0 269,536 0 0 0		0 0 0 0 0 0 119,326		0 0 0 0 0		0 0 0 278,448 0 0		0 0 0 0 0		0 0 0 0 0		20,082 337,357 36,562 278,448 78,739 119,326
0		0		0		2,993 0		0		1,129,418 0		0 0		1,132,411 (6,589)
 48,322		269,536		119,326		2,993	_	278,448		1,129,418		0		1,996,336
\$ 48,497	\$	269,536	\$	119,326	\$	3,021	\$	379,976	\$	1,196,575	\$	0	\$	2,252,935

## FANNIN COUNTY, GEORGIA COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the year ended December 31, 2015

	Special Revenue								
	Law Library	Confiscated Assets	Multiple Grant	Crime Victims Assistance	Drug	Jail			
REVENUES									
Fines, fees, and forfeitures	\$ 10,885	\$ 26,124	\$ 0	\$ 16,004	\$ 29,121	\$ 20,083			
Charges for services	0	0	0	0	0	0			
Intergovernmental	0	11	415,626	0	0	0			
Interest	29	0	204	25	85	43			
Other	0	0	0	0	0	0			
Total revenues	10,914	26,135	415,830	16,029	29,206	20,126			
EXPENDITURES									
Current									
Judicial	7,100	0	51,337	0	0	0			
Public Safety	0	26,882	305,325	0	43,025	6,018			
Health and Welfare	0	0	34,000	0	0	0			
Culture and Recreation	0	0	20,000	0	0	0			
Capital outlay	0	0	0	0	0	0			
Intergovernmental	0	0	0	0	0	0			
Total expenditures	7,100	26,882	410,662	0	43,025	6,018			
Excess (deficiency) of revenues									
over (under) expenditures	3,814	(747)	5,168	16,029	(13,819)	14,108			
Other financing sources (uses)									
Transfers in	0	0	23,641	0	0	0			
Sale of capital assets	0	0	0	0	0	0			
Total other financing sources (uses)	0	0	23,641	0	0	0			
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,814	(747)	28,809	16,029	(13,819)	14,108			
,	,	` ,	,	, -	, , -,	,			
Fund balances, January 1	16,268	2,929	49,930	3,470	48,199	(20,697)			
Fund balances, December 31	\$ 20,082	\$ 2,182	\$ 78,739	\$ 19,499	\$ 34,380	\$ (6,589)			

	Special Revenue					Capital P	rojects	
	uvenile			Emergency 911	SPLOST / Capital Improvements	Water / Capital Projects	Total Nonmajor Governmental Funds	
\$	2,250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 104,467
	0	0	0	0	379,566	0	0	379,566
	0	30,508	0	0	37,500	0	0	483,645
	99	75	266	13	485	1,969	285	3,578
	0	0	0	0	1,792	0	0	1,792
	2,349	30,583	266	13	419,343	1,969	285	973,048
	3,009	0	0	0	0	0	0	61,446
	0	0	0	0	392,923	0	0	774,173
	0	0	0	0	0	0	0	34,000
	0	0	0	0	0	0	0	20,000
	0	0	0	0	0	504,027	719	504,746
	0	0	0	0	0	0	464,960	464,960
	3,009	0	0	0	392,923	504,027	465,679	1,859,325
	(660)	30,583	266	13	26,420	(502,058)	(465,394)	(886,277)
	0	0	0	0	0	463,799	0	487,440
	0	0	0	0	0	0	718,924	718,924
	0	0	0	0	0	463,799	718,924	1,206,364
	(660)	30,583	266	13	26,420	(38,259)	253,530	320,087
	48,982	238,953	119,060	2,980	252,028	1,167,677	(253,530)	1,676,249
¢								
\$	48,322	\$ 269,536	\$ 119,326	\$ 2,993	\$ 278,448	\$ 1,129,418	\$ 0	\$ 1,996,336

### FANNIN COUNTY, GEORGIA LAW LIBRARY SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the year ended December 31, 2015

REVENUES Fines and forfeitures Interest	\$ 10,885 29
Total revenues	 10,914
EXPENDITURES	
Current	
Judicial Personal convices	2.504
Personal services	2,584
Materials and supplies	 4,516
Total expenditures	 7,100
Excess (deficiency) of revenues	
over (under) expenditures	3,814
over (under) experialities	3,014
Fund balance, January 1	 16,268
Fund balance, December 31	\$ 20,082

# FANNIN COUNTY, GEORGIA CONFISCATED ASSETS SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET (GAAP BASIS) AND ACTUAL For the year ended December 31, 2015

		Final Budget		Actual	Variance		
REVENUES	Φ	5 000	Φ	20.424	ф.	24.424	
Fines and forfeitures Interest	\$	5,000 0	\$	26,124 11	\$ 	21,124 11	
Total revenues		5,000		26,135		21,135	
EXPENDITURES  Current  Public Safety							
Materials and supplies		500		26,882		(26,382)	
Capital outlay		4,500		0		4,500	
Total expenditures		5,000		26,882		(21,882)	
Excess (deficiency) of revenues over (under) expenditures		0		(747)		(747)	
Fund balance, January 1		0		2,929		2,929	
Fund balance, December 31	\$	0	\$	2,182	\$	2,182	

# FANNIN COUNTY, GEORGIA MULTIPLE GRANT SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET (GAAP BASIS) AND ACTUAL For the year ended December 31, 2015

	 Final Budget		Actual	Variance		
REVENUES						
Intergovernmental Interest	\$ 45,000 0	\$	415,626 204	\$	370,626 204	
morest	 	-	204		204	
Total revenues	 45,000		415,830		370,830	
EXPENDITURES						
Current						
Judicial						
Personal services Public Safety	0		51,337		(51,337)	
Materials and supplies	0		25,071		(25,071)	
Capital outlay	0		280,254		(280,254)	
Health and Welfare						
Contract services	45,000		34,000		11,000	
Culture and Recreation						
Capital outlay	 0		20,000		(20,000)	
Total expenditures	45,000		410,662		(365,662)	
Excess (deficiency) of revenues						
over (under) expenditures	0		5,168		5,168	
Other financing sources (uses)						
Transfers in (out)						
General Fund	 0		23,641		23,641	
Excess (deficiency) of revenues and other financing sources over (under) expenditures						
and other financing uses	0		28,809		28,809	
and other infallently uses	U		20,009		20,009	
Fund balance, January 1	 0		49,930		49,930	
Fund balance, December 31	\$ 0	\$	78,739	\$	78,739	

# FANNIN COUNTY, GEORGIA CRIME VICTIMS ASSISTANCE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET (GAAP BASIS) AND ACTUAL For the year ended December 31, 2015

	Final Budget			Actual	Variance	
REVENUES Fines and forfeitures Interest	\$	18,000 0	\$	16,004 25	\$	(1,996) 25
Total revenues		18,000		16,029		(1,971)
EXPENDITURES		18,000		0		18,000
Excess (deficiency) of revenues over (under) expenditures		0		16,029		16,029
Fund balance, January 1		0		3,470		3,470
Fund balance, December 31	\$	0	\$	19,499	\$	19,499

### FANNIN COUNTY, GEORGIA DRUG SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET (GAAP BASIS) AND ACTUAL For the year ended December 31, 2015

	Final Budget		Actual	<u>Variance</u>		
REVENUES						
Fines and forfeitures Interest	\$ 35,000 0	\$ ——	29,121 85	\$ 	(5,879) 85	
Total revenues	 35,000		29,206		(5,794)	
EXPENDITURES  Current  Public Safety						
Contract services	11,000		12,947		(1,947)	
Materials and supplies	18,000		22,078		(4,078)	
Payments to others	6,000		8,000		(2,000)	
Total expenditures	 35,000		43,025		(8,025)	
Excess (deficiency) of revenues over (under) expenditures	0		(13,819)		(13,819)	
Fund balance, January 1	 0		48,199		48,199	
Fund balances, December 31	\$ 0	\$	34,380	\$	34,380	

# FANNIN COUNTY, GEORGIA JAIL SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET (GAAP BASIS) AND ACTUAL For the year ended December 31, 2015

	 Final Budget	 Actual	Variance		
REVENUES					
Fines and forfeitures Interest	\$ 20,000	\$  20,083 43	\$	83 43	
Total revenues	 20,000	20,126		126	
EXPENDITURES  Current  Public Safety					
Contract services	17,000	5,964		11,036	
Materials and supplies	 3,000	 54		2,946	
Total expenditures	20,000	6,018		13,982	
Excess (deficiency) of revenues					
over (under) expenditures	0	14,108		14,108	
Fund balance, January 1	 0	 (20,697)		(20,697)	
Fund balance, December 31	\$ 0	\$ (6,589)	\$	(6,589)	

# FANNIN COUNTY, GEORGIA JUVENILE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET (GAAP BASIS) AND ACTUAL For the year ended December 31, 2015

	Final Budget	Actual	Variance
REVENUES Fines and forfeitures Interest	\$ 10,000 0	\$ 2,250 99	\$ (7,750) 99
Total revenues	10,000	2,349	(7,651)
EXPENDITURES  Current  Judicial  Contract services	10,000	3,009	6,991
Total expenditures	10,000	3,009	6,991
Excess (deficiency) of revenues over (under) expenditures	0	(660)	(660)
Fund balance, January 1	0	48,982	48,982
Fund balance, December 31	\$ 0	\$ 48,322	\$ 48,322

## FANNIN COUNTY, GEORGIA CLERKS TECHNOLOGY SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the year ended December 31, 2015

REVENUES Intergovernmental Interest	\$ 30,508 75
Total revenues	30,583
EXPENDITURES	 0
Excess (deficiency) of revenues over (under) expenditures	30,583
Fund balance, January 1	 238,953
Fund balance, December 31	\$ 269,536

### FANNIN COUNTY, GEORGIA REVOLVING LOAN SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the year ended December 31, 2015

REVENUES Interest	\$ 266
EXPENDITURES	 0
Excess (deficiency) of revenues over (under) expenditures	266
Fund balance, January 1	 119,060
Fund balance, December 31	\$ 119,326

## FANNIN COUNTY, GEORGIA DONATIONS / SPECIAL PROJECTS SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the year ended December 31, 2015

REVENUES Interest Contributions	\$ 13 0
Total revenues	13_
EXPENDITURES  Current  Public Safety	
Personal services	0
Culture and Recreation Contract services Materials and supplies	0
Total expenditures	0
Excess (deficiency) of revenues over (under) expenditures	13
Fund balance, January 1	2,980
Fund balance, December 31	\$ 2,993

# FANNIN COUNTY, GEORGIA EMERGENCY 911 SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET (GAAP BASIS) AND ACTUAL For the year ended December 31, 2015

	 Final Budget	Actual		 /ariance
REVENUES				
Charges for services	\$ 345,000	\$	379,566	\$ 34,566
Intergovernmental	0		37,500	37,500
Interest	0		485	485
Other	 0		1,792	 1,792
Total revenues	 345,000		419,343	 74,343
EXPENDITURES				
Current				
Public Safety				
Personal services	210,000		100,000	110,000
Contract services	128,250		126,685	1,565
Materials and supplies	32,300		31,959	341
Capital outlay	 57,525		134,279	(76,754)
Total expenditures	428,075		392,923	35,152
Excess (deficiency) of revenues				
over (under) expenditures	(83,075)		26,420	109,495
Fund balance, January 1	83,075		252,028	168,953
Fund balance, December 31	\$ 0	\$	278,448	\$ 278,448

### **AGENCY FUNDS**

These funds are used to account for assets held by the County as an agent to be expended in accordance with the conditions of its agency capacity.

<u>Clerk of Superior Court, Judge of Probate Court, and Magistrate Court</u> - These funds account for assets and related liabilities for the collection of court related fees.

Sheriff - This fund accounts for deposits held for incarcerated inmates.

<u>Tax Commissioner</u> - This fund accounts for assets and related liabilities for the collection of taxes and tag and title fees.

### FANNIN COUNTY, GEORGIA AGENCY FUNDS COMBINING BALANCE SHEET December 31, 2015

	Clerk of Superior Court			Judge of Probate Court		
ASSETS						
Cash and cash equivalents Taxes receivable, net	\$	196,595 0	\$	23,555 0		
Total assets	\$	196,595	\$	23,555		
LIABILITIES						
Due to others	\$	196,595	\$	23,555		
Total liabilities	\$	196,595	\$	23,555		

gistrate Court				Со	Tax mmissioner	Totals
\$ 6,207 0	\$	12,029		\$	5,713,602 3,112,605	\$ 5,951,988 3,112,605
\$ 6,207	\$	12,029		\$	8,826,207	\$ 9,064,593
\$ 6,207	\$	12,029		\$	8,826,207	\$ 9,064,593
\$ 6,207	\$	12,029		\$	8,826,207	\$ 9,064,593



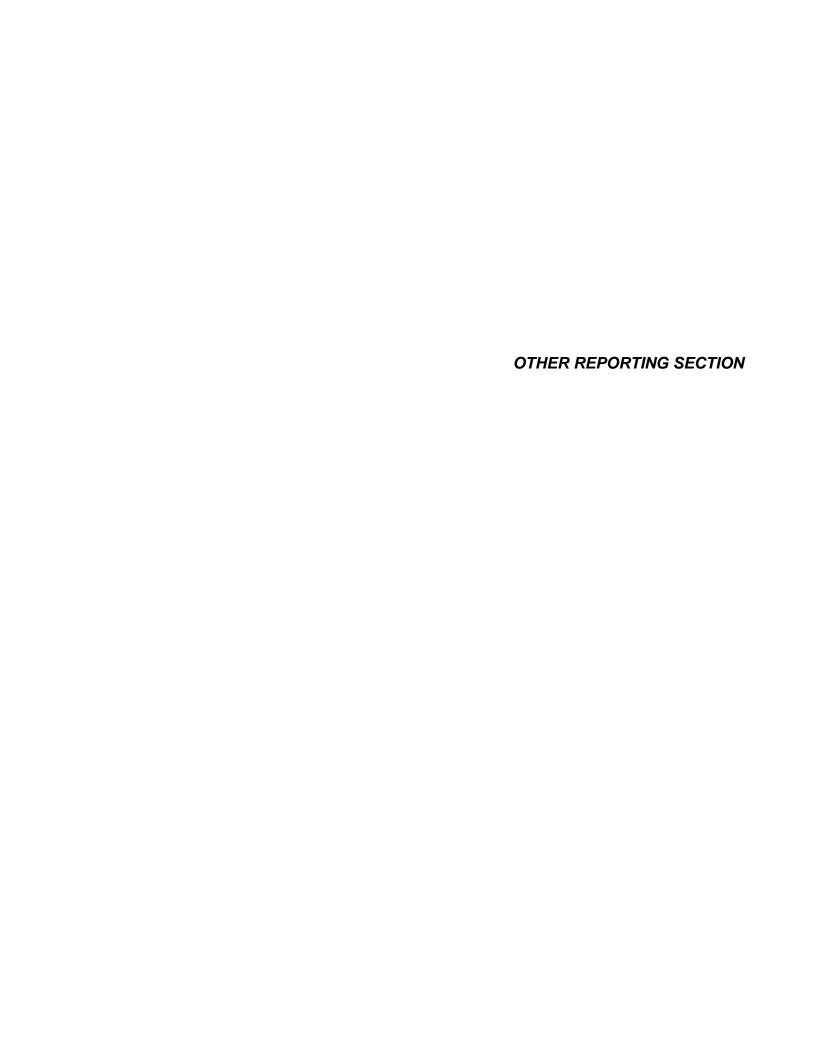
### FANNIN COUNTY, GEORGIA AGENCY FUNDS STATEMENT OF CHANGES IN ASSETS AND LIABILITIES For the year ended December 31, 2015

		Balance January 1		Additions		Deletions	Balance December 31		
<b>CLERK OF SUPERIOR COU</b>									
ASSETS									
Cash and cash equivalents	\$	186,591	\$	1,392,842	\$	1,382,838	\$	196,595	
LIABILITIES  Due to others	\$	186,591	\$	1,392,842	\$	1,382,838	\$	196,595	
JUDGE OF PROBATE COUR									
ASSETS	•								
Cash and cash equivalents	\$	26,726	\$	296,879	\$	300,050	\$	23,555	
LIABILITIES									
Due to others	\$	26,726	\$	296,879	\$	300,050	\$	23,555	
MAGISTRATE COURT									
ASSETS  Cash and cash equivalents	\$	12,987	\$	149,085	\$	155,865	\$	6,207	
·	Ψ	12,301	Ψ	149,000	Ψ	133,003	Ψ	0,207	
LIABILITIES  Due to others	\$	12,987	\$	149,085	\$	155,865	\$	6,207	
SHERIFF									
ASSETS									
Cash and cash equivalents	\$	16,066	\$	97,872	\$	101,909	\$	12,029	
LIABILITIES									
Due to others	\$	16,066	\$	97,872	\$	101,909	\$	12,029	
TAX COMMISSIONER									
ASSETS	Φ.	4.050.000	Φ.	07.407.400	Φ.	05 400 004	Φ.	5 740 000	
Cash and cash equivalents Taxes receivable, net	\$	4,053,033 3,102,474	\$	27,127,463 14,743,646	\$	25,466,894 14,733,515	\$	5,713,602 3,112,605	
Total	\$	7,155,507	\$	41,871,109	\$	40,200,409	\$	8,826,207	
	Ψ	7,133,307	Ψ	41,071,103	Ψ	40,200,403	Ψ	0,020,207	
LIABILITIES  Due to others	Ф	7,155,507	¢	41,871,109	Φ.	40,200,409	¢	8,826,207	
Due to others	φ	7,100,007	φ	41,071,109	φ	40,200,409	Ψ	0,020,207	
TOTALS - ALL AGENCY FUN ASSETS	NDS								
Cash and cash equivalents	\$	4,295,403	\$	29,064,141	\$	27,407,556	\$	5,951,988	
Taxes receivable, net		3,102,474		14,743,646		14,733,515		3,112,605	
Total	\$	7,397,877	\$	43,807,787	\$	42,141,071	\$	9,064,593	
LIABILITIES									
Due to others	\$	7,397,877	\$	43,807,787	\$	42,141,071	\$	9,064,593	

NOTE: The January 1 balance for cash and cash equivalents and due to others has been restated by \$31,403 in the Clerk of Superior Court Agency Fund and by (\$70,367) in the Tax Commissioner Agency Fund.

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### Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards

Honorable Chairman and Members of the Board of Commissioners Fannin County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fannin County, Georgia, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Fannin County, Georgia's basic financial statements and have issued our report thereon dated June 22, 2016.

### Internal Control over Financial Reporting

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

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

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

### 2015-01

Condition: The 2014 financial statements were restated for errors and incorrectly reported amounts in the Governmental Activities, General Fund, and SPLOST / Roads Capital Projects Fund.

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

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

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

### 2015-01, continued

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

### 2015-02

Condition: County personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the County relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to Fannin County. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the Finance Director is not trained to perform the daily accounting functions, but that the County has elected as a cost benefit to outsource this expertise to their auditors.

*Criteria:* Effective internal control requires that the County accept responsibility and understanding of the audited financial report.

Effect: Failure to understand the financial statements may lead to material misstatements.

Recommendation: County personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the County's financial statements.

Management Response: Management concurs with this finding. The County has determined that the cost of training County personnel to fully perform the duties of Finance Director is prohibitive. The governing body and management have determined that personnel should receive training to the extent that is economically feasible and to continue to rely on the technical assistance of the external auditor or other qualified professional when necessary. This action was taken immediately upon receipt of the comment from our auditors.

### 2015-03

Condition: While performing audit procedures at the Clerk of Court's office, we noted instances where deposits were not made timely. Receipts were held for more than seven days before depositing in 26 of 40 (65%) receipts tested.

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

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

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

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

### 2015-04

Condition: While performing audit procedures on receipts for hotel/motel tax, we noted instances where deposits were not made timely. We noted 20 of 30 (67%) receipts tested were held for more than seven days before depositing.

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

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

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

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

### 2015-05

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

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

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

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

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

### 2015-06

Condition: While performing audit procedures at the EMS Department, we noted that there is a lack of segregation of duties between the posting and approving of account adjustments in the EMS Department. Account adjustments were reviewed during audit procedures and appeared appropriate.

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

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

Recommendation: In order to provide proper segregation of duties, the review and approval of all account adjustments should be performed by a different individual than the individual posting adjustments. The individual designated to review and approve account adjustments should also periodically obtain a listing of account adjustments from the accounting software package to ensure all account adjustments posted have been reviewed and approved.

Management Response: Management concurs with this finding. The EMS Director will establish a system of review and approval of account adjustments that has proper segregation of duties. This action was taken immediately upon receipt of the comment from our auditors.

### 2015-07

Condition: While performing audit procedures at the Development Authority, we noted that there is a lack of segregation of duties. The Executive Director does all of the receipting, daily balancing, prepares and signs all checks, and delivers the deposits to the bank.

*Criteria:* Proper internal controls require adequate segregation of duties.

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

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

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

### 2015-08

Condition: While performing audit procedures at the Sheriff's office, we noted that there is a lack of segregation of duties. The Jail Operator does all of the receipting, daily balancing, prepares and signs all checks, prepares debit cards for inmates, and delivers the deposits to the bank.

Criteria: Proper internal controls require adequate segregation of duties.

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

Recommendation: To ensure that sufficient internal controls are in place, the Sheriff's office should properly segregate duties.

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

### 2015-09

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

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

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

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

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

### 2015-10

Condition: While performing audit procedures at the Probate Court, we noted that there is a lack of segregation of duties. The Chief Clerk processes cash receipts, records cash receipts, prepares the deposit, and takes the deposit to the bank.

Criteria: Proper internal controls require adequate segregation of duties in control over adjustments to the general ledger.

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

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

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

### 2015-11

Condition: While performing audit procedures at the Probate Court, we noted instances where deposits were not made timely. We noted 14 of 30 (47%) receipts tested were held for more than seven days before depositing.

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

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

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

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

### 2015-12

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

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

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fannin County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*:

### 2015-13

Condition: The County experienced a material excess of expenditures over appropriations in the General Fund, Confiscated Assets Special Revenue Fund, Multiple Grant Special Revenue Fund, Drug Special Revenue Fund, and Excise Tax Lodging Special Revenue Fund. Also, an annual budget was not adopted for the Law Library Special Revenue Fund, Clerks Technology Special Revenue Fund, Revolving Loan Special Revenue Fund, or the Donations / Special Projects Special Revenue Fund, as required by state law.

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

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

Recommendation: County management should ensure that annual operating budgets are adopted for the General Fund, each Special Revenue Fund, and each Debt Service Fund as required by state law. Budget to actual comparisons should be periodically reviewed by County management and budgets amended as needed to ensure that the County remains in compliance with state law.

Management Response: Management concurs with this finding. The Finance Director will ensure that an annual budget be adopted for the General Fund, each Special Revenue Fund, and each Debt Service Fund, and will review the budget to actual comparisons and recommend any necessary budget revisions to the Board of Commissioners. This action was taken immediately upon receipt of the comment from our auditors.

### Fannin County, Georgia's Responses to Findings

Rushton & Company, LLC

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

### **Purpose of this Report**

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

Certified Public Accountants

Gainesville, Georgia June 22, 2016

	STATE REPORTING SECTION	ı
This section contains additional rep	ports required by the State of Georgia.	

### FANNIN COUNTY, GEORGIA SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX

For the year ended December 31, 2015

				Expenditures					
	Estimate	ed Cost *	Prior	Current					
Project	Original	Original Current		Year	Total				
2011 Projects									
Roads and Bridges									
Improvements Capital Improvements:	\$ 17,025,000	\$ 17,025,000	\$ 9,037,978	\$ 2,700,796	\$ 11,738,774				
Water	2,500,000	2,500,000	850,219	463,799	1,314,018				
Capital Outlay Contractual Payments:	2,500,000	2,500,000 2,500,000		504,027	769,507				
City of Blue Ridge	1,575,000	1,575,000	803,636	293,875	1,097,511				
City of McCaysville	1,400,000	1,400,000	714,344	260,715	975,059				
Total	\$ 25,000,000	\$ 25,000,000	\$ 11,671,657	\$ 4,223,212	\$ 15,894,869				
	Expenditure	s Financed by C	Other Revenues	35					
	\$ 4,223,247								
Total Expend	\$ 3,719,220 504,027								
				\$ 4,223,247					

NOTE: The prior years expenditures for Capital Improvements: Water have been restated by \$400,000 for expenditures financed by intergovernmental revenues.

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Exhibit E-1

<sup>\*</sup> Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

## FANNIN COUNTY, GEORGIA SCHEDULE OF COMPLETED STATE AWARDS EXPENDED GEORGIA DEPARTMENT OF HUMAN SERVICES For the year ended December 31, 2015

State Program Name	Grant Period	Contract Number	Amount Awarded		R	State evenues	Exp	State enditures	 ount Due om State
Family Connections	07/01/14 to 06/30/15	42700-93-151500053	\$	45,000	\$	22,500	\$	22,500	\$ 0
Family Connections	07/01/15 to 06/30/16	42700-93-161600053		46,000		23,000		23,000	 11,500
Total			\$	91,000	\$	45,500	\$	45,500	\$ 11,500

86 Exhibit E-2

