

FANNIN COUNTY, GEORGIA

Annual Financial Report

For the year ended December 31, 2016

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FANNIN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For the year ended December 31, 2016

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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 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, 2016, 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 68.2% of the assets, 66.8% of the net position, and 78.7% of the revenues of the County's component units for the year ended December 31, 2016. 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 discretely presented component units, each major fund, and the aggregate remaining fund information of Fannin County, Georgia, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 13 and 66 through 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2017, 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.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
June 9, 2017

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Stan Helton
Commission Chairman

Earl Johnson
Post I Commissioner

Larry Joe Sosebee
Post II Commissioner

Fannin County Board of Commissioners

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Blue Ridge, Georgia 30513
Telephone: (706) 632-2203
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fannin County management is proud to present this narrative discussion and analysis of Fannin County's financial performance, making available an overview of the activities for the fiscal year ended December 31, 2016. This report is drafted annually to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about Fannin County. As required by the Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis affords comparisons with the previous fiscal year.

Financial Highlights

- Fannin County's assets exceeded its liabilities at December 31, 2016 by \$39,877,401 (*net position*). Of this amount, \$10,069,691 is reported as unrestricted net position. This is a decrease of \$639,129 from the previous fiscal year for unrestricted. Total net position decreased by \$1,273,370 from the previous fiscal year as the result of operations.
- As of December 31, 2016, Fannin County's governmental funds reported combined ending fund balances of \$17,456,904. Approximately 65% of this total amount, or \$11,270,644, is reported as unassigned and available for spending at the County's discretion. Approximately 29%, or \$5,002,936, is restricted for capital outlay. Information about Fannin County's Policy on Fund Balance can be found in Note 2R in the *Notes to the Financial Statements* beginning on page 38.

More detailed information regarding these activities and funds begins on page 8.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to Fannin County's basic financial statements. Fannin County's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

Government-wide Financial Statements (Reporting the County as a Whole)

The focus of the government-wide financial statements is on the overall financial position and activities of Fannin County and is designed to provide a broad overview of the County's financial activities in a manner similar to a private business enterprise.

The County's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These two statements report information about Fannin County using the accrual basis of accounting, which is similar to the accounting used by non-public businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the **Statement of Net Position** (pages 14-15) is to report all of the assets held and liabilities owed by the County. The County reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net position*. While the purpose of County Government is not to accumulate net position, as this amount increases it can indicate the strength of the County's financial position as a whole. When this amount decreases it can indicate a weakening of the County's financial position.

The **Statement of Activities** (page 16) presents the revenues and expenses of the County. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position*. The Statement of Activities primary focus is on the *net cost* of various activities provided by the County and identifies the extent to which each function of the County draws from general revenues or is self-financing through user fees, special revenues, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, we divide Fannin County into three types of activities:

- **Governmental activities** – Most of the County's basic services are reported under this category which includes: judicial, public safety, public works, and general administration. Taxes such as: real property, sales, insurance premium and intangible finance most of these services.
- **Discretely Presented Component Units** – A component unit is a legally separate organization for which the elected officials of the County are financially accountable. The Fannin County Department of Public Health, Fannin County Development Authority, and Fannin County Water Authority, although legally separate, function for all practical purposes as departments of Fannin County, and therefore have been included as an integral part of the primary government.

The County's government-wide financial statements are presented on pages 14-16.

Fund Financial Statements (Reporting the County's Major Funds)

The focus of fund financial statements is directed at specific activities of the County and its most significant funds, not the County as a whole. A fund is an entity with a self-balancing set of accounts that the County uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the County's non-major funds can be found beginning on page 70. The County's funds are divided into two broad categories: governmental and fiduciary. They use different prescribed accounting methodologies.

- ***Governmental Funds*** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on the short-term view of the County's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By so doing, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided following each statement.

Fannin County maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Excise Tax Lodging Special Revenue Fund, and SPLOST / Roads Capital Projects Fund, which are considered major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 70-73 of this report.

Fannin County adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison statement has been included for the General Fund and Excise Tax Lodging Special Revenue Fund to show the final result of actual revenues and expenditures as compared to the initial projections.

The County's basic governmental fund financial statements are presented on pages 17-23 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs and services. The accounting used for fiduciary funds is similar to that used for proprietary funds. Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements. The fiduciary fund financial statements are presented on page 24.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-65 of this report.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 18 and 20) which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statements but as deferred inflows of resources on the fund statements.
- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the County's Financial Position and Operations

The County's overall financial position and operations for this fiscal year is summarized as follows based on the information included in the government-wide financial statements (see pages 14-16):

Fannin County Net Position Fiscal Years 2016 and 2015

	Governmental Activities	
	2016	2015
Current assets	\$ 19,157,475	\$ 17,957,006
Capital assets	29,234,723	30,332,235
Total assets	48,392,198	48,289,241
Deferred outflows of resources	1,792,101	714,701
Current liabilities	2,404,872	2,266,028
Noncurrent liabilities	7,365,919	8,131,883
Total liabilities	9,770,791	10,397,911
Deferred inflows of resources	536,107	0
Net position:		
Net investment in capital assets	23,779,629	23,616,376
Restricted	6,028,081	4,278,835
Unrestricted	10,069,691	10,708,820
Total net position	\$ 39,877,401	\$ 38,604,031

Net position may serve over time as a useful indicator of a government's financial position. Assets for Fannin County exceeded liabilities by \$39,877,401 at the close of fiscal year 2016. Approximately 60% of Fannin County's net position is reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire them. This is the same percentage of the total as at December 31, 2015. The County uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position comprises 15%. This amount represents resources that are subject to external restrictions or enabling legislation on how they may be used. Unrestricted net position comprises the remaining 25% of net position.

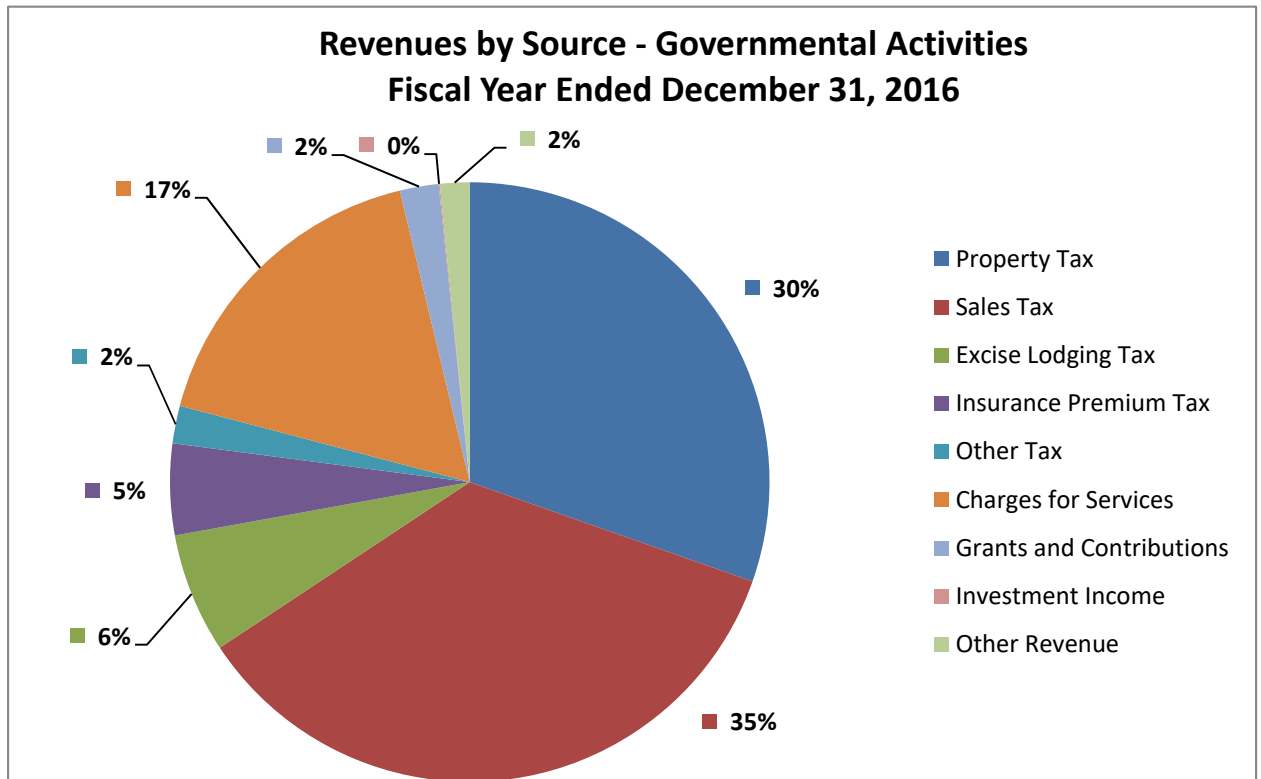
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how Fannin County's net position changed during the fiscal year.

**Fannin County
Changes in Net Position
Fiscal Years 2016 and 2015**

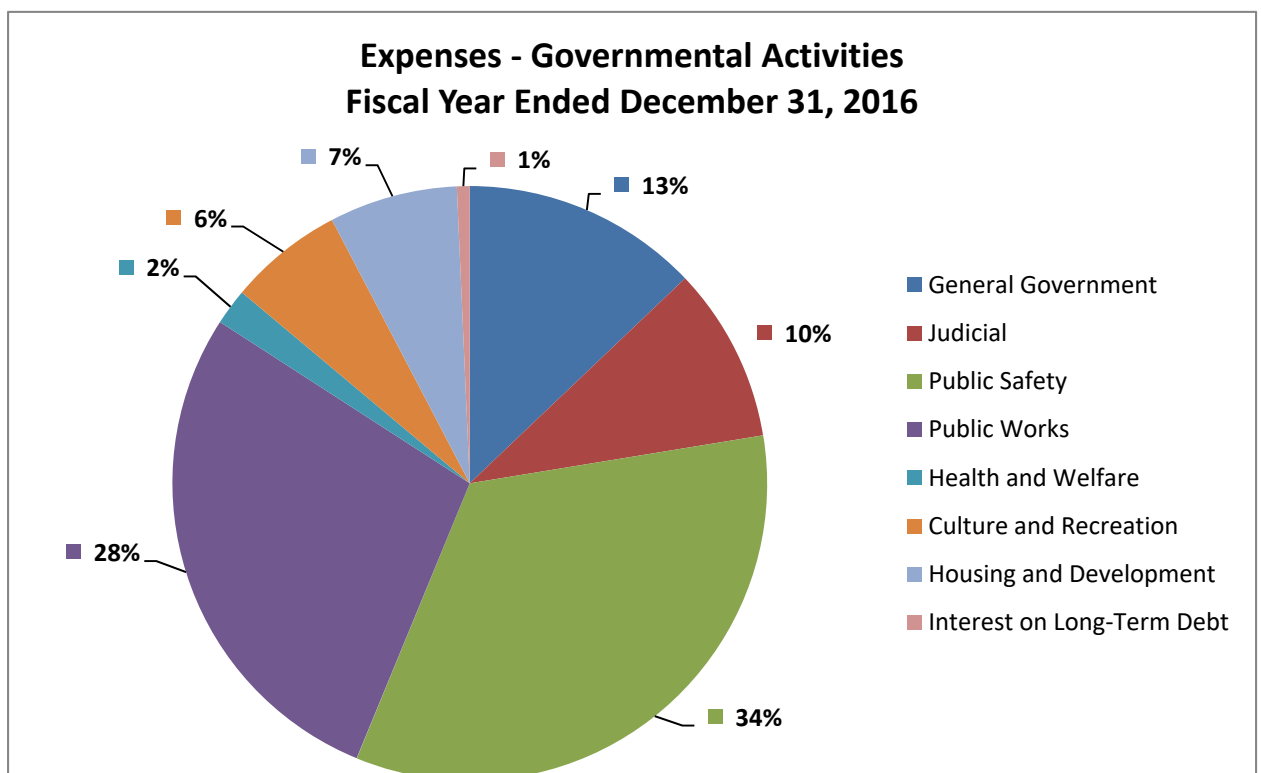
	Governmental Activities	
	2016	2015
Revenues		
Program revenues:		
Charges for services	\$ 4,095,941	\$ 4,039,895
Operating grants and contributions	339,638	295,120
Capital grants and contributions	158,717	1,093,614
General revenues:		
Property tax	7,252,447	7,334,713
Sales tax	8,428,499	8,155,681
Excise lodging tax	1,541,726	1,405,953
Insurance premium tax	1,175,440	1,104,571
Other taxes	483,863	495,104
Interest & investment earnings	14,774	13,750
Other revenue	381,960	65,778
Total revenues	23,873,005	24,004,179
Expenses		
General government	2,913,452	3,175,592
Judicial	2,152,117	2,003,756
Public Safety	7,638,104	7,441,051
Public Works	6,308,555	6,868,681
Health and Welfare	446,059	423,661
Culture and Recreation	1,407,667	1,112,827
Housing and Development	1,577,692	1,441,756
Interest on long-term debt	155,989	185,803
Total expenses	22,599,635	22,653,127
Increase (decrease) in net position	1,273,370	1,351,052
Net position - beginning (original)	38,604,031	38,936,967
Prior period adjustments	0	(1,683,988)
Net position - beginning (restated)	38,604,031	37,252,979
Net position - ending	\$ 39,877,401	\$ 38,604,031

Governmental Activities –

The following chart illustrates revenues of the governmental activities for the fiscal year:



The following chart illustrates the expenses of the governmental activities for the fiscal year:



Financial Analysis of the County's Funds

Fannin County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The main focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of unrestricted resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

- 1) As the County completed this fiscal year, its governmental funds reported a combined ending fund balance of \$17,456,904. Of this amount, \$11,270,644 (65%) constitutes unassigned fund balance, which is available for appropriation for the general purposes of the funds in accordance with the Fannin County Policy on Fund Balance.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,270,644, while total fund balance reached \$11,407,804. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 98% of total fund balance in the General Fund. Unassigned fund balance represents 63% of total General Fund expenditures, while total fund balance represents approximately 63% of that same amount. The County ended the fiscal year realizing a decrease in the overall fund balance in the General Fund by \$807,674, or approximately 7%. The County decreased unassigned fund balance in the General Fund by \$599,679, or 5%. This decrease was due in large part to a significant decrease in intergovernmental revenues and an increase in general government, public works, and culture and recreation expenditures. The County increased fund balance of the General Fund in 2015 by \$1,506,305.

At the end of the current fiscal year, the Excise Tax Lodging Special Revenue Fund had total fund balance of \$2,151, which is assigned for Tourism. Fund balance of the Excise Tax Lodging Special Revenue Fund slightly decreased by \$407 during 2016.

At the end of the current fiscal year, the SPLOST / Roads Capital Projects Fund had total fund balance of \$3,612,149, which is restricted for capital outlay. Fund balance of the SPLOST / Roads Capital Projects Fund increased \$1,336,239 during 2016. The cause for the increase in fund balance was receipts of SPLOST revenues from the current referendum at a faster pace than continued spending on capital projects.

General Fund Budget Highlights

The original budget for the General Fund was amended reflecting grant awards, reimbursements, insurance claims, as well as unanticipated revenues and expenditures. The Board of Commissioners also approved interdepartmental transfers. Overall, the General Fund revenues and expenditures budgets were amended to reflect actual performance.

The County has not budgeted to use fund balance in the General Fund for use in fiscal year 2017. Current General Fund revenues are meeting estimates for fiscal year 2017 and the General Fund fund balance is expected to remain similar.

Capital Assets and Debt Administration

Capital Assets. Fannin County has invested \$29,234,723 in capital assets (net of accumulated depreciation) compared to \$30,332,235 in the previous fiscal year. This represents a decrease of 3.6%. Capital assets held by the County at fiscal year-end are summarized as follows:

Fannin County
Capital Assets (net of accumulated depreciation)
Fiscal Years 2016 and 2015

	Governmental Activities	
	2016	2015
Land	\$ 2,253,633	\$ 2,253,633
Construction in progress	266,250	311,515
Infrastructure	26,684,772	26,217,820
Buildings and improvements	19,720,081	19,720,081
Machinery and equipment	12,383,400	11,957,688
Total	61,308,136	60,460,737
Accumulated depreciation	(32,073,413)	(30,128,502)
Net Capital Assets	\$ 29,234,723	\$ 30,332,235

Major capital asset expenditures during the current fiscal year for governmental activities included the following:

- Resurfacing / paving various County roads.
- New server for the Board of Commissioners office.
- Vehicles for various departments.
- A refurbished ambulance.
- Recreation equipment
- Road equipment.
- EMS equipment.

Additional information on Fannin County's capital assets can be found in Note 9 on pages 46-48 of this report.

Debt. On December 31, 2016, Fannin County had a total long-term debt balance outstanding for governmental activities in the amount of \$5,446,793, as compared to \$6,639,069 the previous fiscal year. Fannin County's outstanding debt for governmental activities decreased by \$1,192,276 during the course of the fiscal year due to payments in accordance with payment schedules.

Additional information on the County's long-term debt can be found in Note 11 on pages 49-53 of this report.

Economic Condition and Outlook

Fannin County provides excellent public service with a goal of increasing fund balance each year. The local economy is supported by continued growth in tourism, cabin rentals and the home building industry. The County's current unemployment rate is below the State unemployment rate.

The County is optimistic that business and revenue growth will continue. Consistent economic policies by the County over the years have proven to be successful. There are several key factors considered in preparation for the 2017 and 2018 budgets. Fannin County's strong financial position, including the approval of the new six (6) year special purpose local option sales tax, and continued strong credit rating insures that the County is ready to meet future challenges.

Contacting the County

This financial report is designed to provide County citizens, taxpayers, customers, and creditors with a general overview of Fannin County's finances and to demonstrate the County's high level of accountability for the revenue it receives and the services it provides. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Fannin County Finance Department
400 West Main Street, Suite 100
Blue Ridge, Georgia 30513
Telephone: 706-632-2203

BASIC FINANCIAL STATEMENTS

FANNIN COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2016

	Primary Government Governmental Activities		Component Units Fannin County Department of Public Health	Fannin County Development Authority	Fannin County Water Authority
ASSETS					
Current assets					
Cash and cash equivalents	\$ 15,575,980		\$ 222,865	\$ 185,085	\$ 54,678
Certificates of deposit	528,300		0	0	0
Restricted cash and cash equivalents	0		0	0	451,106
Receivables (net)					
Accounts	314,390		34,249	0	51,513
Intergovernmental	489,746		24,777	571,321	0
Taxes	2,093,031		0	0	0
Receivable from primary government	0		3,413	0	80,994
Inventories	23,883		630	0	11,155
Prepaid items	132,145		0	5,236	6,861
Total current assets	19,157,475		285,934	761,642	656,307
Noncurrent assets					
Capital assets					
Non-depreciable	2,519,883		0	988,948	221,705
Depreciable (net)	26,714,840		1,065	781,254	4,106,332
Other assets					
Land held for resale	0		0	0	147,300
Total noncurrent assets	29,234,723		1,065	1,770,202	4,475,337
Total assets	48,392,198		286,999	2,531,844	5,131,644
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions subsequent to measurement date	816,970		62,830	0	0
Pension investment return differences	561,947		0	0	0
Pension assumption changes	398,109		292	0	0
Deferred charges on refunding	15,075		0	0	0
Total deferred outflows of resources	1,792,101		63,122	0	0
LIABILITIES					
Current liabilities					
Payables					
Accounts	792,777		825	651,054	30,722
Claims and judgements	182,973		0	0	0
Retainages	0		0	19,701	0
Interest	33,163		0	0	0
Accrued liabilities	190,788		0	3,000	5,710
Due to others	75,273		0	0	0
Payable to primary government	0		0	42,974	200,000
Compensated absences	0		20,447	0	0
Unearned revenue	0		0	8,506	0
Capital leases payable	116,104		0	0	0
Notes payable	9,090		0	24,014	0
Installment sale agreement payable	1,004,704		0	0	0
Total current liabilities	2,404,872		21,272	749,249	236,432

FANNIN COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2016

	Primary Government Governmental Activities	Fannin County Department of Public Health	Component Units	
			Fannin County Development Authority	Fannin County Water Authority
Noncurrent liabilities				
Compensated absences	\$ 0	\$ 20,446	\$ 0	\$ 0
Net pension liability	3,049,024	489,085	0	0
Payable to primary government	0	0	0	43,519
Capital leases payable	24,449	0	0	0
Notes payable	29,225	0	403,361	0
Installment sale agreement payable	4,263,221	0	0	0
Bonds payable	0	0	0	1,862,000
Total noncurrent liabilities	7,365,919	509,531	403,361	1,905,519
Total liabilities	9,770,791	530,803	1,152,610	2,141,951
DEFERRED INFLOWS OF RESOURCES				
Pension investment return differences	0	35,288	0	0
Pension assumption changes	0	616	0	0
Pension experience differences	536,107	3,908	0	0
Total deferred inflows of resources	536,107	39,812	0	0
NET POSITION				
Net investment in capital assets	23,779,629	1,065	1,036,275	2,201,036
Restricted for:				
Law library operations	29,661	0	0	0
Judicial activities	320,874	0	0	0
Public safety activities	61,402	0	0	0
Emergency 911 system operations	362,321	0	0	0
Grant specifications	145,412	0	0	0
Economic development	105,475	0	0	0
Prior year program income	0	34,367	0	0
Capital outlay	5,002,936	0	0	598,406
Unrestricted	10,069,691	(255,926)	342,959	190,251
Total net position	\$ 39,877,401	\$ (220,494)	\$ 1,379,234	\$ 2,989,693

FANNIN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended December 31, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General Government	\$ 2,913,452	\$ 12,031	\$ 41,769	\$ 0	\$ (2,859,652)
Judicial	2,152,117	308,557	104,960	0	(1,738,600)
Public Safety	7,638,104	3,057,122	192,909	49,998	(4,338,075)
Public Works	6,308,555	509,903	0	108,719	(5,689,933)
Health and Welfare	446,059	1,000	0	0	(445,059)
Culture and Recreation	1,407,667	207,328	0	0	(1,200,339)
Housing and Development	1,577,692	0	0	0	(1,577,692)
Interest on long-term debt	155,989	0	0	0	(155,989)
Total primary government	22,599,635	4,095,941	339,638	158,717	(18,005,339)
Component Units					
Fannin County Department of Public Health					
Health and Welfare	560,190	329,951	277,622	0	47,383
Fannin County Development Authority					
Housing and Development	113,155	99,519	43,097	218,801	248,262
Fannin County Water Authority					
Public Works	408,364	198,255	0	486,503	276,394
Total component units	1,081,709	627,725	320,719	705,304	572,039
		Primary Government Governmental Activities	Component Units Fannin County Department of Public Health	Fannin County Development Authority	Fannin County Water Authority
Change in net position					
Net (expense) revenue	\$ (18,005,339)	\$ 47,383	\$ 248,262	\$ 276,394	
General revenues					
Taxes					
Property	7,252,447	0	0	0	
Sales	8,428,499	0	0	0	
Excise lodging	1,541,726	0	0	0	
Insurance premium	1,175,440	0	0	0	
Franchise	119,964	0	0	0	
Other	363,899	0	0	0	
Interest and investment earnings	14,774	0	389	2,409	
Other	381,960	41,350	0	0	
Total general revenues	19,278,709	41,350	389	2,409	
Change in net position	1,273,370	88,733	248,651	278,803	
Net position - beginning	38,604,031	(309,227)	1,130,583	2,710,890	
Net position - ending	\$ 39,877,401	\$ (220,494)	\$ 1,379,234	\$ 2,989,693	

FANNIN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	General	Excise Tax Lodging	SPLOST / Roads	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 9,749,347	\$ 2,151	\$ 3,294,961	\$ 2,529,521	\$ 15,575,980
Certificates of deposit	520,764	0	0	7,536	528,300
Receivables (net)					
Accounts	254,436	0	0	59,954	314,390
Intergovernmental	365,149	0	0	124,597	489,746
Taxes	1,303,895	320,670	468,466	0	2,093,031
Due from other funds	329,184	0	0	41,762	370,946
Inventories	5,015	0	18,868	0	23,883
Prepaid items	132,145	0	0	0	132,145
Total assets	\$ 12,659,935	\$ 322,821	\$ 3,782,295	\$ 2,763,370	\$ 19,528,421
LIABILITIES					
Accounts payable	\$ 344,337	\$ 224,281	\$ 128,384	\$ 95,775	\$ 792,777
Claims/judgements payable	182,973	0	0	0	182,973
Accrued liabilities	190,788	0	0	0	190,788
Due to other funds	0	96,389	41,762	232,795	370,946
Due to others	75,273	0	0	0	75,273
Total liabilities	793,371	320,670	170,146	328,570	1,612,757
DEFERRED INFLOWS OF RESOURCES					
Unavailable ambulance revenues	48,872	0	0	0	48,872
Unavailable property taxes	409,888	0	0	0	409,888
Total deferred inflows of resources	458,760	0	0	0	458,760
FUND BALANCES					
Nonspendable:					
Inventories	5,015	0	18,868	0	23,883
Prepaid items	132,145	0	0	0	132,145
Restricted for:					
Law library operations	0	0	0	29,661	29,661
Judicial activities	0	0	0	320,874	320,874
Public safety activities	0	0	0	61,402	61,402
Emergency 911 system operations	0	0	0	362,321	362,321
Grant specifications	0	0	0	145,412	145,412
Economic development	0	0	0	105,475	105,475
Capital outlay	0	0	3,593,281	1,409,655	5,002,936
Assigned to:					
Tourism	0	2,151	0	0	2,151
Unassigned	11,270,644	0	0	0	11,270,644
Total fund balances	11,407,804	2,151	3,612,149	2,434,800	17,456,904
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,659,935	\$ 322,821	\$ 3,782,295	\$ 2,763,370	\$ 19,528,421

FANNIN COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
December 31, 2016

Total fund balance - total governmental funds	\$	17,456,904
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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		29,234,723
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

458,760

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	\$ 816,970		
Pension investment return differences	561,947		
Pension assumption Changes	398,109		
Deferred charges on refunding	15,075		1,792,101

Deferred inflows of resources:

Pension experience differences		(536,107)
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These are:

Accrued interest	\$ (33,163)		
Net pension liability	(3,049,024)		
Capital leases payable	(140,553)		
Notes payable	(38,315)		
Installment sale agreement payable	(5,267,925)		(8,528,980)

Net position of governmental activities	\$	39,877,401
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FANNIN COUNTY, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended December 31, 2016

	<u>General</u>	<u>Excise Tax Lodging</u>	<u>SPLOST / Roads</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
REVENUES					
Taxes	\$ 12,538,810	\$ 1,541,726	\$ 4,795,695	\$ 0	\$ 18,876,231
Licenses and permits	253,405	0	0	0	253,405
Fines, fees and forfeitures	314,248	0	0	90,078	404,326
Charges for services	1,958,741	0	0	422,700	2,381,441
Intergovernmental	1,181,666	0	0	375,152	1,556,818
Interest	13,255	97	5,444	3,926	22,722
Contributions	11,904	0	0	0	11,904
Other	380,345	0	1,615	0	381,960
Total revenues	<u>16,652,374</u>	<u>1,541,823</u>	<u>4,802,754</u>	<u>891,856</u>	<u>23,888,807</u>
EXPENDITURES					
Current					
General Government	3,505,477	0	0	0	3,505,477
Judicial	2,035,808	0	0	73,480	2,109,288
Public Safety	6,468,191	0	0	473,117	6,941,308
Public Works	2,541,069	0	0	0	2,541,069
Health and Welfare	358,081	0	0	46,250	404,331
Culture and Recreation	1,332,574	0	0	0	1,332,574
Housing and Development	467,863	1,078,771	0	14,000	1,560,634
Capital outlay	0	0	2,061,703	224,472	2,286,175
Debt service	1,335,723	0	0	0	1,335,723
Intergovernmental	0	0	905,606	0	905,606
Total expenditures	<u>18,044,786</u>	<u>1,078,771</u>	<u>2,967,309</u>	<u>831,319</u>	<u>22,922,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,392,412)</u>	<u>463,052</u>	<u>1,835,445</u>	<u>60,537</u>	<u>966,622</u>
Other financing sources (uses)					
Transfers in	584,738	0	0	499,206	1,083,944
Transfers out	0	(463,459)	(499,206)	(121,279)	(1,083,944)
Total other financing sources (uses)	<u>584,738</u>	<u>(463,459)</u>	<u>(499,206)</u>	<u>377,927</u>	<u>0</u>
Net change in fund balance	(807,674)	(407)	1,336,239	438,464	966,622
Fund balances, January 1	<u>12,215,478</u>	<u>2,558</u>	<u>2,275,910</u>	<u>1,996,336</u>	<u>16,490,282</u>
Fund balances, December 31	<u>\$ 11,407,804</u>	<u>\$ 2,151</u>	<u>\$ 3,612,149</u>	<u>\$ 2,434,800</u>	<u>\$ 17,456,904</u>

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, 2016

Net change in fund balances - total governmental funds \$ 966,622

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	\$ 852,749	
Depreciation	<u>(1,950,261)</u>	(1,097,512)

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	\$ (5,350)	
Related accumulated depreciation	<u>5,350</u>	0

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	\$ 816,970	
Cost of benefits earned net of employee contributions	<u>(626,262)</u>	190,708

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 principal payments	\$ 1,192,276	
Amortization of deferred charges on refunding	(13,180)	
Net change in interest payable	<u>11,154</u>	1,190,250

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.

		<u>23,302</u>
Change in net position of governmental activities	\$	<u><u>1,273,370</u></u>

FANNIN COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the year ended December 31, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 12,677,975	\$ 12,677,975	\$ 12,538,810	\$ (139,165)
Licenses and permits	167,200	167,200	253,405	86,205
Fines, fees and forfeitures	320,000	320,000	314,248	(5,752)
Charges for services	1,554,800	1,554,800	1,958,741	403,941
Intergovernmental	1,530,390	1,530,390	1,181,666	(348,724)
Interest	12,000	12,000	13,255	1,255
Contributions	0	0	11,904	11,904
Other	24,200	24,200	380,345	356,145
Total revenues	16,286,565	16,286,565	16,652,374	365,809
EXPENDITURES				
Current				
General Government				
Legislative	752,486	752,486	710,606	41,880
Elections	292,176	292,176	241,085	51,091
Tax Commissioner	408,776	408,776	372,347	36,429
Tax Assessor	1,046,181	1,046,181	921,774	124,407
Risk Management	0	0	611,156	(611,156)
Building and Grounds	628,823	628,823	626,885	1,938
General Administration	21,500	21,500	21,624	(124)
Judicial				
Superior Court	270,329	270,329	258,951	11,378
Clerk of Superior Court	550,694	550,694	502,090	48,604
District Attorney	194,130	194,130	245,413	(51,283)
Magistrate Court	236,405	236,405	246,431	(10,026)
Probate Court	296,027	296,027	306,411	(10,384)
Juvenile Court	240,383	240,383	225,485	14,898
Public Defender	200,000	200,000	251,027	(51,027)
Public Safety				
Sheriff	1,781,151	1,781,151	1,594,121	187,030
Detention Center	1,358,388	1,358,388	1,384,214	(25,826)
Resource Officer	102,440	102,440	185,774	(83,334)
Drug Task Force	45,000	45,000	34,046	10,954
Probation Center	33,025	33,025	31,500	1,525
Fire	471,372	471,372	398,558	72,814
Emergency Medical Services	2,078,773	2,078,773	2,156,024	(77,251)
Coroner	53,079	53,079	50,034	3,045
E-911	371,550	371,550	347,622	23,928
Animal Control	198,300	198,300	179,389	18,911
Emergency Management	127,871	127,871	106,909	20,962
Public Works				
Roads and Bridges	1,547,324	1,547,324	2,527,494	(980,170)
Closure and Post Closure	15,000	15,000	13,575	1,425
Health and Welfare				
Public Health	72,545	72,545	65,104	7,441
Welfare	50,658	50,658	8,893	41,765
Senior Citizen Center	166,430	166,430	256,530	(90,100)
Other Direct Assistance	27,554	27,554	27,554	0

FANNIN COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the year ended December 31, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES (continued)				
Current				
Culture and Recreation				
Recreation	\$ 816,304	\$ 816,304	\$ 991,391	\$ (175,087)
Arts	125,207	125,207	131,191	(5,984)
Regional Library	209,550	209,550	209,992	(442)
Housing and Development				
County Extension	28,568	28,568	24,131	4,437
Natural Resources and Conservation	9,000	9,000	14,542	(5,542)
Land Development	274,481	274,481	250,724	23,757
Development Authority	88,281	88,281	178,466	(90,185)
Debt service				
Principal	983,517	983,517	1,192,276	(208,759)
Interest and Other Charges	143,447	143,447	143,447	0
Total expenditures	16,316,725	16,316,725	18,044,786	(1,728,061)
Excess (deficiency) of revenues over expenditures	(30,160)	(30,160)	(1,392,412)	(1,362,252)
Other financing sources (uses)				
Transfers in	0	0	584,738	584,738
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(30,160)	(30,160)	(807,674)	(777,514)
Fund balances, January 1	30,160	30,160	12,215,478	12,185,318
Fund balances, December 31	\$ 0	\$ 0	\$ 11,407,804	\$ 11,407,804

FANNIN COUNTY, GEORGIA
EXCISE TAX LODGING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the year ended December 31, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,541,726	\$ 541,726
Interest	0	0	97	97
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,541,823</u>	<u>541,823</u>
EXPENDITURES				
Current				
Housing and Development				
Tourism				
Contract services	700,000	700,000	1,078,771	(378,771)
Total expenditures	<u>700,000</u>	<u>700,000</u>	<u>1,078,771</u>	<u>(378,771)</u>
Excess (deficiency) of revenues over expenditures	300,000	300,000	463,052	163,052
Other financing sources (uses)				
Transfers out	(300,000)	(300,000)	(463,459)	(163,459)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	(407)	(407)
Fund balances, January 1	0	0	2,558	2,558
Fund balances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,151</u>	<u>\$ 2,151</u>

FANNIN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 5,448,340
Taxes receivable, net	<u>2,705,282</u>
Total assets	<u><u>\$ 8,153,622</u></u>
LIABILITIES	
Due to others	<u>\$ 8,153,622</u>
Total liabilities	<u><u>\$ 8,153,622</u></u>

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

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

Fannin County Building Authority – 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.

Discretely Presented Component Units – 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 one 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, 2016. 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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Fannin County Development Authority – 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.

Fannin County Water Authority – 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.

Fannin County Parks and Recreation Commission – 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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

2. Summary of Significant Accounting Policies (continued)

G. Budgetary Information

Applicable statutes 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:

1. 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 15th of the preceding year, all agencies of the government submit requests for appropriations to the Chairman of the Board of Commissioners. Before September 1st, the proposed budget is presented to the Board of Commissioners for review. The final budget must be prepared and adopted no later than December 1st.

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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, Donations / Special Projects Special Revenue Fund, or the Inmate Welfare Special Revenue Fund for the year ended December 31, 2016.

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 statutes 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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

2. Summary of Significant Accounting Policies (continued)

H. Cash and Investments, continued

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 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

Inventories for the governmental funds are valued at cost on the first-in, first-out method and recorded as expenditures when consumed.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016 are recorded as prepaid items. The costs of governmental fund-type prepaid items are recorded as expenditures when consumed rather than when purchased.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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 their acquisition value.

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

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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, which 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. The County also reports deferred inflows of resources related to their defined benefit pension plan.

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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, 2016 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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

4. Accounts Receivable

Net accounts receivable at December 31, 2016 consist of the following:

Primary Government:

Major Funds

General Fund	\$ 373,040	
Less: Allowance for Uncollectible Accounts	<u>(118,604)</u>	\$ 254,436

Nonmajor Funds

Special Revenue Funds		
Emergency 911		<u>59,954</u>

Total primary government		<u><u>\$ 314,390</u></u>
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Component Units

Fannin County Department of Public Health		<u><u>\$ 34,249</u></u>
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Fannin County Water Authority	\$ 52,313	
Less: Allowance for Uncollectible Accounts	<u>(800)</u>	<u><u>\$ 51,513</u></u>

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

5. Intergovernmental Receivables

Intergovernmental receivables at December 31, 2016 consist of the following:

Primary Government:

Major Funds

General Fund

Tennessee Valley Authority	\$ 4,424	
Georgia Department of Corrections	945	
Appalachian Judicial Circuit	18,386	
Fannin County Water Authority	327,993	
Fannin County Board of Education	9,366	
City of Blue Ridge, Georgia	<u>4,035</u>	\$ 365,149

Nonmajor Funds

Multiple Grant Special Revenue Fund		
United States Forestry Service	\$ 11,610	
Georgia Department of Human Services	11,500	
Georgia Emergency Management Agency	<u>57,422</u>	80,532
Crime Victims Assistance Special Revenue Fund		
City of Blue Ridge, Georgia		561
Drug Special Revenue Fund		
City of Blue Ridge, Georgia		244
Jail Special Revenue Fund		
City of McCaysville, Georgia		286
Revolving Loan Special Revenue Fund		
Fannin County Development Authority		<u>42,974</u>
Total		<u><u>\$ 489,746</u></u>

Component Units

Fannin County Department of Public Health		
Georgia Department of Public Health	\$ 24,777	
Fannin County, Georgia	<u>3,413</u>	<u>\$ 28,190</u>
Fannin County Development Authority		
Tennessee Valley Authority	\$ 117,880	
Georgia Cities Foundation	313,471	
Georgia Department of Community Affairs	<u>139,970</u>	<u>\$ 571,321</u>
Fannin County Water Authority		
Fannin County, Georgia		<u><u>\$ 80,994</u></u>

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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 2016, based upon the assessments as of January 1, 2016, were levied on August 23, 2016, billed on October 16, 2016, and due on December 20, 2016. Tax liens may be issued within three years after the due date.

Taxes receivable as of December 31, 2016, consist of property taxes for seven years as follows:

<u>Year of Levy</u>	
2016	\$ 754,809
2015	119,503
2014	74,554
2013	22,050
2012	13,724
2011	11,927
2010	5,974
	<u>1,002,541</u>
Less allowance for uncollectible	<u>(183,603)</u>
Total	<u><u>\$ 818,938</u></u>

\$823,316 of sales taxes, 320,670 of hotel/motel lodging taxes and \$130,107 of other taxes are also included in taxes receivable.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

7. Interfund Receivables and Payables

A summary of interfund receivables and payables as of December 31, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Excise Tax Lodging	\$ 96,389
	Nonmajor Governmental	232,795
Nonmajor Governmental	SPLOST / Roads	41,762
		<u>\$ 370,946</u>

The balances reported as Due from/Due to other funds 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, 2016 is as follows:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General	Excise Tax Lodging	\$ 463,459
	Nonmajor Governmental	121,279
Nonmajor Governmental	SPLOST / Roads	499,206
		<u>\$ 1,083,944</u>

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

9. Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2016 was as follows:

	Balance 12/31/2015	Increases	Decreases	Balance 12/31/2016
Governmental activities				
Non-depreciable assets				
Land	\$ 2,253,633	\$ 0	\$ 0	\$ 2,253,633
Construction in progress	311,515	257,218	(302,483)	266,250
Total non-depreciable assets	2,565,148	257,218	(302,483)	2,519,883
Depreciable assets				
Infrastructure	26,217,820	466,952	0	26,684,772
Buildings and improvements	19,720,081	0	0	19,720,081
Machinery and equipment	11,957,688	431,062	(5,350)	12,383,400
Total depreciable assets	57,895,589	898,014	(5,350)	58,788,253
Less accumulated depreciation				
Infrastructure	(15,062,953)	(926,662)	0	(15,989,615)
Buildings and improvements	(5,255,268)	(451,865)	0	(5,707,133)
Machinery and equipment	(9,810,281)	(571,734)	5,350	(10,376,665)
Total accumulated depreciation	(30,128,502)	(1,950,261)	5,350	(32,073,413)
Total depreciable assets, net	27,767,087	(1,052,247)	0	26,714,840
Governmental activities capital assets, net	\$ 30,332,235	\$ (795,029)	\$ (302,483)	\$ 29,234,723

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

	Balance 6/30/2015	Increases	Decreases	Balance 6/30/2016
Fannin County Department of Public Health				
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	(2,546)	(1,797)	0	(4,343)
Office equipment	(8,791)	0	0	(8,791)
Leasehold improvements	(6,563)	0	0	(6,563)
Total accumulated depreciation	(17,900)	(1,797)	0	(19,697)
Total depreciable assets, net	2,862	(1,797)	0	1,065
Fannin County Department of Public Health capital assets, net	\$ 2,862	\$ (1,797)	\$ 0	\$ 1,065

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

9. Capital Assets (continued)

	Balance 12/31/2015	Increases	Decreases	Balance 12/31/2016
Fannin County Development Authority				
Non-depreciable assets				
Land	\$ 579,612	\$ 0	\$ 0	\$ 579,612
Construction in progress	0	409,336	0	409,336
Total non-depreciable assets	579,612	409,336	0	988,948
Depreciable assets				
Land improvements	5,000	0	0	5,000
Buildings and improvements	1,190,228	0	0	1,190,228
Equipment	5,725	5,466	0	11,191
Total depreciable assets	1,200,953	5,466	0	1,206,419
Less accumulated depreciation				
Land improvements	(5,000)	0	0	(5,000)
Buildings and improvements	(340,420)	(78,017)	0	(418,437)
Equipment	(273)	(1,455)	0	(1,728)
Total accumulated depreciation	(345,693)	(79,472)	0	(425,165)
Total depreciable assets, net	855,260	(74,006)	0	781,254
Fannin County Development Authority capital assets, net	<u>\$ 1,434,872</u>	<u>\$ 335,330</u>	<u>\$ 0</u>	<u>\$ 1,770,202</u>
	Balance 6/30/2015	Increases	Decreases	Balance 6/30/2016
Fannin County Water Authority				
Non-depreciable assets				
Construction in progress	\$ 79,476	\$ 106,590	\$ (16,641)	\$ 169,425
Land and land rights	52,280	0	0	52,280
Total non-depreciable assets	131,756	106,590	(16,641)	221,705
Depreciable assets				
Land improvements	83,822	0	0	83,822
Wells and tanks	413,742	0	0	413,742
Water systems	3,398,047	0	0	3,398,047
Buildings and improvements	20,400	16,641	0	37,041
Machinery and equipment	368,070	8,426	0	376,496
Total depreciable assets	4,284,081	25,067	0	4,309,148
Less accumulated depreciation				
Land improvements	(1,397)	(4,191)	0	(5,588)
Wells and tanks	(3,810)	(11,431)	0	(15,241)
Water systems	(41,322)	(84,951)	0	(126,273)
Buildings and improvements	(340)	(1,228)	0	(1,568)
Machinery and equipment	(16,477)	(37,669)	0	(54,146)
Total accumulated depreciation	(63,346)	(139,470)	0	(202,816)
Total depreciable assets, net	4,220,735	(114,403)	0	4,106,332
Fannin County Water Authority capital assets, net	<u>\$ 4,352,491</u>	<u>\$ (7,813)</u>	<u>\$ (16,641)</u>	<u>\$ 4,328,037</u>

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 219,255
Judicial	375
Public Safety	524,653
Public Works	1,058,354
Health and Welfare	41,727
Culture and Recreation	103,497
Housing and Development	<u>2,400</u>

Total depreciation expense for governmental activities	<u><u>\$ 1,950,261</u></u>
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Component units

Fannin County Department of Public Health	\$ 1,797
Fannin County Development Authority	79,472
Fannin County Water Authority	<u>139,470</u>

Total depreciation expense for component units	<u><u>\$ 220,739</u></u>
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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, 2016 is \$140,553 for governmental activities. As of December 31, 2016, the County had \$343,971 of vehicles (reported as machinery and equipment), with associated accumulated depreciation of \$249,637 financed under the capital leases. Depreciation expense for 2016 on the leased assets totaled \$141,729.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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, 2016:

Year Ending December,	Governmental Activities
<u>2017</u>	<u>\$ 118,555</u>
2018	25,071
	<u>143,626</u>
Less amounts representing interest	<u>(3,073)</u>
Present value of minimum lease payments	<u><u>\$ 140,553</u></u>

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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	Interest	Total
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	13,253	1,122,374
Totals	<u>\$ 5,267,925</u>	<u>\$ 345,705</u>	<u>\$ 5,613,630</u>

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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	Interest	Total
2017	\$ 9,090	\$ 1,264	\$ 10,354
2018	9,391	963	10,354
2019	9,700	654	10,354
2020	10,134	334	10,468
Totals	<u>\$ 38,315</u>	<u>\$ 3,215</u>	<u>\$ 41,530</u>

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

11. Long-Term Debt (continued)

Fannin County Development Authority Component Unit, continued

Notes Payable (continued)

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.

During 2016, the Fannin County Development Authority entered into a \$229,500 note payable agreement with the OneGeorgia Authority for the purpose of renovating a building purchased by the Authority. The Development Authority has not drawn any funds on this agreement as of December 31, 2016. The agreement provides for repayment beginning with the earlier of (a) the first day of the calendar quarter immediately following the date a tenant, lessee, or other end user takes initial occupancy of all or a portion of the Project, or (b) the date which is five years after the final disbursement of the proceeds of the note. The repayment will be in quarterly installments over a 20 year term at 0% interest.

The Authority's debt service requirements to maturity for notes payable are as follows:

Year Ending December 31,	Principal	Interest	Total
2017	\$ 24,014	\$ 3,498	\$ 27,512
2018	24,207	3,305	27,512
2019	24,407	3,105	27,512
2020	24,612	2,900	27,512
2021	24,824	2,688	27,512
2022-2026	127,529	10,031	137,560
2027-2031	133,875	3,685	137,560
2032-2036	43,907	0	43,907
Totals	\$ 427,375	\$ 29,212	\$ 456,587

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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 12/31/2015	Additions	Deductions	Balance 12/31/2016	Due Within One Year
Governmental activities					
Installment sale agreement	\$ 6,246,652	\$ 0	\$ 978,727	\$ 5,267,925	\$ 1,004,704
Notes payable	47,018	0	8,703	38,315	9,090
Capital leases payable	345,399	0	204,846	140,553	116,104
Totals	<u>\$ 6,639,069</u>	<u>\$ 0</u>	<u>\$ 1,192,276</u>	<u>\$ 5,446,793</u>	<u>\$ 1,129,898</u>
	Balance 6/30/2015	Additions	Deductions	Balance 6/30/2016	Due Within One Year
Fannin County Department of Public Health					
Compensated absences	<u>\$ 47,386</u>	<u>\$ 19,533</u>	<u>\$ 26,026</u>	<u>\$ 40,893</u>	<u>\$ 20,447</u>
	Balance 12/31/2015	Additions	Deductions	Balance 12/31/2016	Due Within One Year
Fannin County Development Authority					
Notes payable	<u>\$ 444,631</u>	<u>\$ 0</u>	<u>\$ 17,256</u>	<u>\$ 427,375</u>	<u>\$ 24,014</u>
	Balance 6/30/2015	Additions	Deductions	Balance 6/30/2016	Due Within One Year
Fannin County Water Authority					
Payable to Primary Government	\$ 344,506	\$ 99,604	\$ 200,591	\$ 243,519	\$ 200,000
Revenue Bond - Series A	<u>1,862,000</u>	<u>0</u>	<u>0</u>	<u>1,862,000</u>	<u>0</u>
Totals	<u>\$ 2,206,506</u>	<u>\$ 99,604</u>	<u>\$ 200,591</u>	<u>\$ 2,105,519</u>	<u>\$ 200,000</u>

The total interest incurred and charged to expense for the year ended December 31, 2016 was \$155,989 for governmental activities, \$3,748 for the Fannin County Development Authority Component Unit, and \$60,515 for the Fannin County Water Authority Component Unit.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

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, 2016, no liability remains for post closure care costs.

13. 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, 2016:

	Governmental Activities
Cost of capital assets	\$ 61,308,136
Accumulated depreciation	<u>(32,073,413)</u>
Book value	29,234,723
Capital-related accounts payable	(8,301)
Capital leases payable	(140,553)
Notes payable	(38,315)
Installment sale agreement payable	<u>(5,267,925)</u>
Net investment in capital assets	<u><u>\$ 23,779,629</u></u>

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

14. 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.

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	60
Terminated participants entitled to but	
not yet receiving benefits	75
Active employees participating in the plan	140
	<hr/>
Total number of participants	275
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FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

14. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

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, 2016 was \$635,829, or 12.7% of covered-employee payroll. The County's covered payroll for employees participating in the Plan as of January 1, 2015, (the most recent actuarial valuation date) was \$5,024,137 (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.

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, 2016, the County reported a net pension liability of \$3,049,024. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. For the fiscal year ended December 31, 2016, the County recognized pension expense of \$626,262.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

14. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

The components of the net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2014	\$ 11,776,253	\$ 9,090,994	\$ 2,685,259
Changes for the year:			
Service cost	256,095	0	256,095
Interest	866,261	0	866,261
Liability experience (gain) / loss	(641,226)	0	(641,226)
Assumption change	476,169	0	476,169
Employer contributions	0	635,829	(635,829)
Net investment income	0	72,954	(72,954)
Benefit payments	(452,221)	(452,221)	0
Administrative expense	0	(27,920)	27,920
Other changes	0	(87,329)	87,329
Net changes	<u>505,078</u>	<u>141,313</u>	<u>363,765</u>
Balances at December 31, 2015	\$ 12,281,331	\$ 9,232,307	\$ 3,049,024

Plan fiduciary net position as a percentage of the total pension liability	75.17%
Covered employee payroll	\$ 5,024,137
Net pension liability as a percentage of covered employee payroll	60.69%

At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 816,970	\$ 0
Net difference between projected and actual earnings on pension plan investments	561,947	0
Changes of assumptions	398,109	0
Differences between expected and actual experience	<u>0</u>	<u>(536,107)</u>
	<u><u>\$ 1,777,026</u></u>	<u><u>\$ (536,107)</u></u>

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

14. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

The \$816,970 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, 2017. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31	
2017	\$ 116,591
2018	116,591
2019	116,591
2020	103,938
2021	(27,059)
2022	<u>(2,703)</u>
Totals	<u><u>\$ 423,949</u></u>

Actuarial Assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

14. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the following table:

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

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

14. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

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

	Discount Rate	Net Pension Liability
1% decrease	6.50%	\$ 4,829,334
Current discount rate	7.50%	3,049,024
1% increase	8.50%	1,568,352

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.

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, 2016, employees contributed \$46,156 to the plans.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

14. Retirement Plans (continued)

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.

Fannin County Department of Public Health Retirement Plan

Eligible employees of the Fannin County Department of Public Health participate in the Georgia State Employees' Retirement System (ERS), a statewide multiple-employer public employee retirement system. During the fiscal year ended June 30, 2016, the Department contributed \$62,830. As of June 30, 2016, the Department reported a liability in the amount of \$489,085 for its proportionate share (0.012072%) of the net pension liability. The Department recognized pension expense of (\$37,146) for the fiscal year ended June 30, 2016. Further information regarding the plan can be obtained from Department's annual audit report by contacting Fannin County Department of Public Health, 95 Ouida Street, Blue Ridge, Georgia 30513.

15. 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, 2016 follows:

Lodging Tax Receipts	\$ 1,541,726
Disbursements for trade and tourism	\$ 1,078,771 70% of tax receipts

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

16. 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, 2016, the County paid \$21,624 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.

17. 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 2016 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.

18. 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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

18. Risk Management (continued)

Medical Self-Insurance

The County provides health coverage for its employees under a plan of partial self-insurance. Under this plan, the County covers claim settlements and judgments out of its General Fund resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The County purchases commercial insurance for claims in excess of coverage provided by the County. During the year ended December 31, 2016, excess coverage was obtained for any individual claim in excess of \$100,000. The County pays most of the coverage for eligible employees and their dependents. Employee contributions are used to pay claims and expenses of the plan incurred during the year.

The following describes the activity for the past three years:

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes In Estimates	Claims Paid	End of Year Claims Liability
2016	N/A	\$ 794,129	\$ 611,156	\$ 182,973
2015	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A

General Liability and Workers' Compensation

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.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

18. Risk Management (continued)

General Liability and Workers' Compensation, continued

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.

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, 2016.

FANNIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

19. 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.

20. 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
District Attorney	\$ 194,130	\$ 245,413	\$ (51,283)
Magistrate Court	236,405	246,431	(10,026)
Probate Court	296,027	306,411	(10,384)
Public Defender	200,000	251,027	(51,027)
Resource Officer	102,440	185,774	(83,334)
Emergency Medical Services	2,078,773	2,156,024	(77,251)
Roads and Bridges	1,547,324	2,527,494	(980,170)
Senior Citizen Center	166,430	256,530	(90,100)
Recreation	816,304	991,391	(175,087)
Arts	125,207	131,191	(5,984)
Natural Resources and Conservation	9,000	14,542	(5,542)
Development Authority	88,281	178,466	(90,185)
Debt Service	1,126,964	1,335,723	(208,759)

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	Variance
Excise Tax Lodging	\$ 700,000	\$ 1,078,771	\$ (378,771)
Confiscated Assets	3,000	7,097	(4,097)
Multiple Grant	90,000	163,598	(73,598)
Crime Victims Assistance	18,000	29,685	(11,685)

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REQUIRED SUPPLEMENTARY INFORMATION

FANNIN COUNTY, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN YEARS
December 31, 2016
(Unaudited)

	<u>Year End</u>	<u>Year End</u>
	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 256,095	\$ 277,997
Interest	883,219	831,250
Assumption change	476,169	0
Benefit payments, including refunds of employee contributions	(469,179)	(416,331)
Experience (gain)/loss	(641,226)	0
Net change in total pension liability	505,078	692,916
Total pension liability - beginning	11,776,253	11,083,337
Total pension liability - ending (a)	<u><u>\$ 12,281,331</u></u>	<u><u>\$ 11,776,253</u></u>
 Plan fiduciary net position		
Contributions - employer	\$ 635,829	\$ 760,575
Net investment income	72,954	607,484
Benefit payments, including refunds of employee contributions	(452,221)	(401,283)
Administrative expense	(27,920)	(28,197)
Other	(87,329)	(100,135)
Net change in total pension liability	141,313	838,444
Plan fiduciary net position - beginning	9,090,994	8,252,550
Plan fiduciary net position - ending (b)	<u><u>\$ 9,232,307</u></u>	<u><u>\$ 9,090,994</u></u>
 Net pension liability (asset) - ending : (a) - (b)	<u><u>\$ 3,049,024</u></u>	<u><u>\$ 2,685,259</u></u>
 Plan's fiduciary net position as a percentage of the total pension liability	75.17%	77.20%
 Covered-employee payroll	\$ 5,024,137	\$ 5,377,003
 Net pension liability as a percentage of covered-employee payroll	60.69%	49.94%

Note: 2015 was the first year of implementation. Therefore, only two years are reported.

FANNIN COUNTY, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
December 31, 2016
(Unaudited)

	Year End	
	2016	2015
Actuarially determined contribution	\$ 635,829	\$ 760,575
Contributions in relation to the actuarially determined contribution	(635,829)	(760,575)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 5,024,137	\$ 5,377,003
Contributions as a percentage of covered-employee payroll	12.66%	14.14%

Note: 2015 was the first year of implementation. Therefore, only two years are reported.

FANNIN COUNTY, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2016

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2015, with an interest adjustment to the fiscal year.

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, 2016

3. Changes in Benefits

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

4. Changes of Assumptions

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

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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.

Law Library Fund – 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.

Confiscated Assets Fund – 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.

Multiple Grant Fund – 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.

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

Drug Fund – 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.

Jail Fund – 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.

Juvenile Fund – 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.

Clerks Technology Fund – 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.

Donations / Special Projects Fund – 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.

Emergency 911 Fund – 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.

Inmate Welfare Fund – This fund is used to account for receipt of commissions for commissary sales restricted for use of the benefit of inmates in the County Jail.

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).

SPLOST/Capital Improvements Fund – 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.

COMBINING STATEMENTS

Nonmajor Governmental Funds

**FANNIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2016**

	Special Revenue					
	Law Library	Confiscated Assets	Multiple Grant	Crime Victims Assistance	Drug	Jail
ASSETS						
Cash and cash equivalents	\$ 22,125	\$ 4,814	\$ 80,605	\$ 15,802	\$ 52,159	\$ 34,570
Certificates of deposit	7,536	0	0	0	0	0
Receivables						
Accounts	0	0	0	0	0	0
Intergovernmental	0	0	80,532	561	244	286
Due from other funds	0	0	0	0	0	0
Total assets	\$ 29,661	\$ 4,814	\$ 161,137	\$ 16,363	\$ 52,403	\$ 34,856
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 13,682	\$ 200	\$ 0
Due to other funds	0	0	15,725	0	0	33,620
Total liabilities	0	0	15,725	13,682	200	33,620
Fund balances						
Restricted for:						
Law library operations	29,661	0	0	0	0	0
Judicial activities	0	0	0	2,681	0	0
Public safety activities	0	4,814	0	0	52,203	1,236
Emergency 911 system operations	0	0	0	0	0	0
Grant specifications	0	0	145,412	0	0	0
Economic development	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total fund balances	29,661	4,814	145,412	2,681	52,203	1,236
Total liabilities and fund balances	\$ 29,661	\$ 4,814	\$ 161,137	\$ 16,363	\$ 52,403	\$ 34,856

Special Revenue						Capital Projects	Total Nonmajor Governmental Funds
Juvenile	Clerks Technology	Revolving Loan	Donations / Special Projects	Emergency 911	Inmate Welfare	SPLOST / Capital Improvements	
\$ 50,491 0	\$ 267,702 0	\$ 62,501 0	\$ 3,077 0	\$ 489,132 0	\$ 3,149 0	\$ 1,443,394 0	\$ 2,529,521 7,536
0	0	0	0	59,954	0	0	59,954
0	0	42,974	0	0	0	0	124,597
0	0	0	0	0	0	41,762	41,762
<u>\$ 50,491</u>	<u>\$ 267,702</u>	<u>\$ 105,475</u>	<u>\$ 3,077</u>	<u>\$ 549,086</u>	<u>\$ 3,149</u>	<u>\$ 1,485,156</u>	<u>\$ 2,763,370</u>
\$ 0 0	\$ 0 0	\$ 0 0	\$ 78 0	\$ 3,315 183,450	\$ 0 0	\$ 78,500 0	\$ 95,775 232,795
0	0	0	78	186,765	0	78,500	328,570
0	0	0	0	0	0	0	29,661
50,491	267,702	0	0	0	0	0	320,874
0	0	0	0	0	3,149	0	61,402
0	0	0	0	362,321	0	0	362,321
0	0	0	0	0	0	0	145,412
0	0	105,475	0	0	0	0	105,475
0	0	0	2,999	0	0	1,406,656	1,409,655
<u>50,491</u>	<u>267,702</u>	<u>105,475</u>	<u>2,999</u>	<u>362,321</u>	<u>3,149</u>	<u>1,406,656</u>	<u>2,434,800</u>
<u>\$ 50,491</u>	<u>\$ 267,702</u>	<u>\$ 105,475</u>	<u>\$ 3,077</u>	<u>\$ 549,086</u>	<u>\$ 3,149</u>	<u>\$ 1,485,156</u>	<u>\$ 2,763,370</u>

FANNIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2016

	Special Revenue					
	Law Library	Confiscated Assets	Multiple Grant	Crime Victims Assistance	Drug	Jail
REVENUES						
Fines, fees, and forfeitures	\$ 23,647	\$ 9,722	\$ 0	\$ 12,843	\$ 23,778	\$ 17,472
Charges for services	0	0	0	0	0	0
Intergovernmental	0	0	351,422	0	0	0
Interest	78	7	128	24	82	62
Total revenues	23,725	9,729	351,550	12,867	23,860	17,534
EXPENDITURES						
Current						
Judicial	14,146	0	33,157	0	0	0
Public Safety	0	7,097	84,191	29,685	6,037	9,709
Health and Welfare	0	0	46,250	0	0	0
Housing and Development	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total expenditures	14,146	7,097	163,598	29,685	6,037	9,709
Excess (deficiency) of revenues over (under) expenditures	<u>9,579</u>	<u>2,632</u>	<u>187,952</u>	<u>(16,818)</u>	<u>17,823</u>	<u>7,825</u>
Other financing sources (uses)						
Transfers in	0	0	0	0	0	0
Transfers out	0	0	(121,279)	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(121,279)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>9,579</u>	<u>2,632</u>	<u>66,673</u>	<u>(16,818)</u>	<u>17,823</u>	<u>7,825</u>
Fund balances, January 1	<u>20,082</u>	<u>2,182</u>	<u>78,739</u>	<u>19,499</u>	<u>34,380</u>	<u>(6,589)</u>
Fund balances, December 31	<u>\$ 29,661</u>	<u>\$ 4,814</u>	<u>\$ 145,412</u>	<u>\$ 2,681</u>	<u>\$ 52,203</u>	<u>\$ 1,236</u>

Special Revenue						Capital Projects	Total Nonmajor Governmental Funds
Juvenile	Clerks Technology	Revolving Loan	Donations / Special Projects	Emergency 911	Inmate Welfare	SPLOST / Capital Improvements	
\$ 2,616	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,078
0	0	0	0	399,915	22,785	0	422,700
0	23,730	0	0	0	0	0	375,152
98	68	149	6	720	0	2,504	3,926
2,714	23,798	149	6	400,635	22,785	2,504	891,856
545	25,632	0	0	0	0	0	73,480
0	0	0	0	316,762	19,636	0	473,117
0	0	0	0	0	0	0	46,250
0	0	14,000	0	0	0	0	14,000
0	0	0	0	0	0	224,472	224,472
545	25,632	14,000	0	316,762	19,636	224,472	831,319
2,169	(1,834)	(13,851)	6	83,873	3,149	(221,968)	60,537
0	0	0	0	0	0	499,206	499,206
0	0	0	0	0	0	0	(121,279)
0	0	0	0	0	0	499,206	377,927
2,169	(1,834)	(13,851)	6	83,873	3,149	277,238	438,464
48,322	269,536	119,326	2,993	278,448	0	1,129,418	1,996,336
\$ 50,491	\$ 267,702	\$ 105,475	\$ 2,999	\$ 362,321	\$ 3,149	\$ 1,406,656	\$ 2,434,800

**FANNIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2016**

REVENUES

Fines and forfeitures	\$ 23,647
Interest	<u>78</u>
Total revenues	<u>23,725</u>

EXPENDITURES

Current	
Judicial	
Personal services	10,491
Materials and supplies	<u>3,655</u>
Total expenditures	<u>14,146</u>

Excess (deficiency) of revenues over (under) expenditures	9,579
Fund balance, January 1	<u>20,082</u>
Fund balance, December 31	<u><u>\$ 29,661</u></u>

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 3,000	\$ 9,722	\$ 6,722
Interest	<u>0</u>	<u>7</u>	<u>7</u>
Total revenues	<u>3,000</u>	<u>9,729</u>	<u>6,729</u>
EXPENDITURES			
Current			
Public Safety			
Materials and supplies	<u>3,000</u>	<u>7,097</u>	<u>(4,097)</u>
Total expenditures	<u>3,000</u>	<u>7,097</u>	<u>(4,097)</u>
Excess (deficiency) of revenues over (under) expenditures	0	2,632	2,632
Fund balance, January 1	<u>0</u>	<u>2,182</u>	<u>2,182</u>
Fund balance, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 4,814</u></u>	<u><u>\$ 4,814</u></u>

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 90,000	\$ 351,422	\$ 261,422
Interest	<u>0</u>	<u>128</u>	<u>128</u>
Total revenues	<u>90,000</u>	<u>351,550</u>	<u>261,550</u>
EXPENDITURES			
Current			
Judicial			
Personal services	90,000	33,157	56,843
Public Safety			
Personal services	0	22,593	(22,593)
Materials and supplies	0	45,635	(45,635)
Capital outlay	0	15,963	(15,963)
Health and Welfare			
Contract services	<u>0</u>	<u>46,250</u>	<u>(46,250)</u>
Total expenditures	<u>90,000</u>	<u>163,598</u>	<u>(73,598)</u>
Excess (deficiency) of revenues over (under) expenditures	0	187,952	187,952
Other financing sources (uses)			
Transfers in (out)			
General Fund	<u>0</u>	<u>(121,279)</u>	<u>(121,279)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	66,673	66,673
Fund balance, January 1,	<u>0</u>	<u>78,739</u>	<u>78,739</u>
Fund balance, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 145,412</u></u>	<u><u>\$ 145,412</u></u>

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 18,000	\$ 12,843	\$ (5,157)
Interest	<u>0</u>	<u>24</u>	<u>24</u>
Total revenues	<u>18,000</u>	<u>12,867</u>	<u>(5,133)</u>
EXPENDITURES			
Current			
Public Safety			
Materials and supplies	18,000	1,052	16,948
Payments to Others	<u>0</u>	<u>28,633</u>	<u>(28,633)</u>
Total expenditures	<u>18,000</u>	<u>29,685</u>	<u>(11,685)</u>
Excess (deficiency) of revenues over (under) expenditures	0	(16,818)	(16,818)
Fund balance, January 1	<u>0</u>	<u>19,499</u>	<u>19,499</u>
Fund balance, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 2,681</u></u>	<u><u>\$ 2,681</u></u>

**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, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 35,000	\$ 23,778	\$ (11,222)
Interest	<u>0</u>	<u>82</u>	<u>82</u>
Total revenues	<u>35,000</u>	<u>23,860</u>	<u>(11,140)</u>
EXPENDITURES			
Current			
Public Safety			
Contract services	35,000	5,537	29,463
Materials and supplies	0	300	(300)
Payments to others	<u>0</u>	<u>200</u>	<u>(200)</u>
Total expenditures	<u>35,000</u>	<u>6,037</u>	<u>28,963</u>
Excess (deficiency) of revenues over (under) expenditures	0	17,823	17,823
Fund balance, January 1	<u>0</u>	<u>34,380</u>	<u>34,380</u>
Fund balances, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 52,203</u></u>	<u><u>\$ 52,203</u></u>

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 20,000	\$ 17,472	\$ (2,528)
Interest	<u>0</u>	<u>62</u>	<u>62</u>
Total revenues	<u>20,000</u>	<u>17,534</u>	<u>(2,466)</u>
EXPENDITURES			
Current			
Public Safety			
Contract services	20,000	7,596	12,404
Materials and supplies	<u>0</u>	<u>2,113</u>	<u>(2,113)</u>
Total expenditures	<u>20,000</u>	<u>9,709</u>	<u>10,291</u>
Excess (deficiency) of revenues over (under) expenditures	0	7,825	7,825
Fund balance, January 1	<u>0</u>	<u>(6,589)</u>	<u>(6,589)</u>
Fund balance, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 1,236</u></u>	<u><u>\$ 1,236</u></u>

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 10,000	\$ 2,616	\$ (7,384)
Interest	<u>0</u>	<u>98</u>	<u>98</u>
Total revenues	<u>10,000</u>	<u>2,714</u>	<u>(7,286)</u>
EXPENDITURES			
Current			
Judicial			
Contract services	<u>10,000</u>	<u>545</u>	<u>9,455</u>
Total expenditures	<u>10,000</u>	<u>545</u>	<u>9,455</u>
Excess (deficiency) of revenues over (under) expenditures	0	2,169	2,169
Fund balance, January 1	<u>0</u>	<u>48,322</u>	<u>48,322</u>
Fund balance, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 50,491</u></u>	<u><u>\$ 50,491</u></u>

FANNIN COUNTY, GEORGIA
CLERKS TECHNOLOGY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2016

REVENUES

Intergovernmental	\$	23,730
Interest		68

Total revenues		<u>23,798</u>
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EXPENDITURES

Current		
Judicial		
Contract Services		<u>25,632</u>

Total expenditures		<u>25,632</u>
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Excess (deficiency) of revenues over (under) expenditures		(1,834)
--	--	---------

Fund balance, January 1		<u>269,536</u>
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Fund balance, December 31	\$	<u><u>267,702</u></u>
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FANNIN COUNTY, GEORGIA
REVOLVING LOAN SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2016

REVENUES

Interest		\$ 149
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Total revenues		<u>149</u>
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EXPENDITURES

Current		
Housing and Development		
Payments to others		<u>14,000</u>

Total expenditures		<u>14,000</u>
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Excess (deficiency) of revenues over (under) expenditures		(13,851)
--	--	----------

Fund balance, January 1		<u>119,326</u>
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Fund balance, December 31		<u><u>\$ 105,475</u></u>
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FANNIN COUNTY, GEORGIA
DONATIONS / SPECIAL PROJECTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2016

REVENUES

Interest	\$	6
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Total revenues		6
-----------------------	--	---

EXPENDITURES

		0
--	--	---

Excess (deficiency) of revenues over (under) expenditures		6
--	--	---

Fund balance, January 1		2,993
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Fund balance, December 31	\$	2,999
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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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 345,000	\$ 399,915	\$ 54,915
Interest	<u>0</u>	<u>720</u>	<u>720</u>
Total revenues	<u>345,000</u>	<u>400,635</u>	<u>55,635</u>
EXPENDITURES			
Current			
Public Safety			
Personal services	345,000	183,450	161,550
Contract services	0	108,946	(108,946)
Materials and supplies	<u>0</u>	<u>24,366</u>	<u>(24,366)</u>
Total expenditures	<u>345,000</u>	<u>316,762</u>	<u>28,238</u>
Excess (deficiency) of revenues over (under) expenditures	0	83,873	83,873
Fund balance, January 1	<u>0</u>	<u>278,448</u>	<u>278,448</u>
Fund balance, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 362,321</u></u>	<u><u>\$ 362,321</u></u>

FANNIN COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the year ended December 31, 2016

REVENUES

Charges for services	\$	22,785
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Total revenues		22,785
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EXPENDITURES

Current		
Public Safety		
Materials and supplies		19,636

Total expenditures		19,636
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Excess (deficiency) of revenues over (under) expenditures		3,149
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Fund balance, January 1		0
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Fund balance, December 31	\$	3,149
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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.

Clerk of Superior Court, Judge of Probate Court, and Magistrate Court - 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.

Tax Commissioner - 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, 2016**

	<u>Clerk of Superior Court</u>	<u>Judge of Probate Court</u>
ASSETS		
Cash and cash equivalents	\$ 313,743	\$ 26,859
Taxes receivable, net	<u>0</u>	<u>0</u>
Total assets	<u><u>\$ 313,743</u></u>	<u><u>\$ 26,859</u></u>
LIABILITIES		
Due to others	<u>\$ 313,743</u>	<u>\$ 26,859</u>
Total liabilities	<u><u>\$ 313,743</u></u>	<u><u>\$ 26,859</u></u>

<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Tax Commissioner</u>	<u>Totals</u>
\$ 7,673 <u>0</u>	\$ 3,124 <u>0</u>	\$ 5,096,941 <u>2,705,282</u>	\$ 5,448,340 <u>2,705,282</u>
<u>\$ 7,673</u>	<u>\$ 3,124</u>	<u>\$ 7,802,223</u>	<u>\$ 8,153,622</u>
<u>\$ 7,673</u>	<u>\$ 3,124</u>	<u>\$ 7,802,223</u>	<u>\$ 8,153,622</u>
<u>\$ 7,673</u>	<u>\$ 3,124</u>	<u>\$ 7,802,223</u>	<u>\$ 8,153,622</u>

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FANNIN COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the year ended December 31, 2016

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31</u>
CLERK OF SUPERIOR COURT				
ASSETS				
Cash and cash equivalents	\$ 196,595	\$ 1,571,077	\$ 1,453,929	\$ 313,743
LIABILITIES				
Due to others	\$ 196,595	\$ 1,571,077	\$ 1,453,929	\$ 313,743
JUDGE OF PROBATE COURT				
ASSETS				
Cash and cash equivalents	\$ 23,555	\$ 295,591	\$ 292,287	\$ 26,859
LIABILITIES				
Due to others	\$ 23,555	\$ 295,591	\$ 292,287	\$ 26,859
MAGISTRATE COURT				
ASSETS				
Cash and cash equivalents	\$ 6,207	\$ 122,269	\$ 120,803	\$ 7,673
LIABILITIES				
Due to others	\$ 6,207	\$ 122,269	\$ 120,803	\$ 7,673
SHERIFF				
ASSETS				
Cash and cash equivalents	\$ 12,029	\$ 114,089	\$ 122,994	\$ 3,124
LIABILITIES				
Due to others	\$ 12,029	\$ 114,089	\$ 122,994	\$ 3,124
TAX COMMISSIONER				
ASSETS				
Cash and cash equivalents	\$ 5,713,602	\$ 27,630,524	\$ 28,247,185	\$ 5,096,941
Taxes receivable, net	3,112,605	14,916,223	15,323,546	2,705,282
Total	\$ 8,826,207	\$ 42,546,747	\$ 43,570,731	\$ 7,802,223
LIABILITIES				
Due to others	\$ 8,826,207	\$ 42,546,747	\$ 43,570,731	\$ 7,802,223
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 5,951,988	\$ 29,733,550	\$ 30,237,198	\$ 5,448,340
Taxes receivable, net	3,112,605	14,916,223	15,323,546	2,705,282
Total	\$ 9,064,593	\$ 44,649,773	\$ 45,560,744	\$ 8,153,622
LIABILITIES				
Due to others	\$ 9,064,593	\$ 44,649,773	\$ 45,560,744	\$ 8,153,622

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OTHER REPORTING SECTION

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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 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, 2016, 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 9, 2017. Our report includes a reference to other auditors who audited the financial statements of the Fannin County Department of Public Health and the Fannin County Water Authority, as described in our report on Fannin County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that were reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 deficiency in internal control to be a material weakness:

2016-001

Condition: While performing audit procedures on inventory at the Road Department, we noted a lack of physical control over gasoline and diesel inventories.

Criteria: Proper internal controls require that adequate physical control over inventory and other County assets.

Effect: Failure to establish physical controls over inventory exposes the County to a greater risk of loss due to fraud.

2016-001, continued

Recommendation: The Road Department should implement an inventory management system to provide adequate physical controls over the gasoline and diesel inventories and restrict use to authorized parties only.

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

2016-002

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.

2016-003

Condition: While performing audit procedures at the Sheriff's office, we noted that there is a lack of segregation of duties. The Detention Center Commander 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.

2016-004

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.

2016-004, continued

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.

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:

2016-005

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 38 of 40 (95%) 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.

2016-006

Condition: While performing audit procedures at the Clerk of Court's office, we noted that voided receipts 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 voided transactions subjects the assets of the County to greater risk of misappropriation.

Recommendation: All voided receipts 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.

2016-007

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

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

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

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

2016-007, continued

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.

2016-008

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.

2016-009

Condition: While performing audit procedures at the Sheriff's office, we noted that the Cash Evidence account is not being reconciled on a monthly basis.

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

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

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

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

2016-010

Condition: While performing audit procedures at the Tax Commissioner's office, we noted that the bank reconciliations being performed are not reconciling the bank balance to the general ledger balance. After determining the correct reconciled balance, we noted that the subsequent payouts of the current period's receipts exceeded the ending reconciled cash balance.

Criteria: Proper internal controls require that cash accounts be reconciled to the general ledger in a timely manner, usually monthly. Ending reconciled cash balances of an agency fund should then be reconciled with the subsequent payouts.

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

Recommendation: We recommend that bank reconciliations be prepared and reviewed on a monthly basis. After reconciling the bank statements, subsequent payouts should be compared with the ending reconciled cash balance.

2016-010, continued

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.

2016-011

Condition: While performing audit procedures at the Law Library, we noted that deposits were not made timely. Receipts 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 Law Library personnel and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

2016-012

Condition: While performing audit procedures on receipts for hotel/motel tax, we noted instances where deposits were not made timely. We noted 24 of 30 (80%) 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.

2016-013

Condition: While performing audit procedures on receipts for parks and recreation charges, we noted instances where deposits were not made timely. We noted 17 of 30 (57%) 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.

2016-014

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.

2016-015

Condition: While performing audit procedures on journal entries, we noted that journal entries originated by the Finance Director did not have evidence of approval. All journal entries reviewed during audit procedures appeared appropriate.

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

Effect: Failure to properly segregate the duties of authorizing and recording journal entries 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 journal entries should be performed by a different individual than the individual posting them. The individual designated to review and approve journal entries should also periodically obtain a listing of journal entries from the accounting software package to ensure all journal entries posted have been reviewed and approved.

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

2016-016

Condition: While performing audit procedures on purchases with County credit cards, we noted instances where credit card transactions did not have supporting documentation. During our testing, we noted 10 of 40 (25%) credit card transactions tested had no supporting documentation.

Criteria: Proper internal controls required that all transactions have supporting documentation.

Effect: Failure to maintain adequate supporting documentation for financial transactions exposes the County to a greater risk of loss due to fraud.

Recommendation: Supporting documentation should be maintained for all credit card transactions.

Management Response: Management concurs with this finding. For each transaction, a credit card receipt with documentation of business purpose will be filed with the monthly credit card statement. This action was taken immediately upon receipt of the comment from our auditors.

2016-017

Condition: While performing audit procedures on disbursements, we noted that the approved purchase order policies and procedures are not being followed. Purchase orders are being obtained subsequent to the purchase.

Criteria: Proper internal controls require proper approval prior to purchasing goods or services.

Effect: Failure to obtain proper approval prior to purchase exposes the County to a greater risk of loss due to fraud.

Recommendation: In accordance with the current adopted ordinance, purchases greater than \$4,500 should have approval prior to disbursement.

Management Response: Management concurs with this finding. Purchase orders will be obtained and approved prior to purchasing. 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 instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*:

2016-018

Condition: The County experienced a material excess of expenditures over appropriations in the General Fund, Excise Tax Lodging Tax Special Revenue Fund, Confiscated Assets Special Revenue Fund, Multiple Grant Special Revenue Fund, and Crime Victims Assistance 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, Donations / Special Projects Special Revenue Fund, or the Inmate Welfare 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

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.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
June 9, 2017

STATE REPORTING SECTION

This section contains additional reports 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, 2016

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<u>2011 Projects</u>					
Roads and Bridges					
Improvements	\$ 17,025,000	\$ 17,025,000	\$ 11,738,774	\$ 2,060,088	\$ 13,798,862
Capital Improvements:					
Water	2,500,000	2,500,000	1,314,018	391,453	1,705,471
Capital Outlay	2,500,000	2,500,000	769,507	224,472	993,979
Contractual Payments:					
City of Blue Ridge	1,575,000	1,575,000	1,097,511	272,537	1,370,048
City of McCaysville	1,400,000	1,400,000	975,059	241,616	1,216,675
Total	<u>\$ 25,000,000</u>	<u>\$ 25,000,000</u>	<u>\$ 15,894,869</u>	\$ 3,190,166	<u>\$ 19,085,035</u>
Expenditures Financed by Other Revenues				1,615	
				<u>\$ 3,191,781</u>	
Total Expenditures of the SPLOST / Roads Fund				\$ 2,967,309	
Total Expenditures of the SPLOST / Capital Improvements Fund				224,472	
				<u>\$ 3,191,781</u>	

* 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, 2016

<u>State Program Name</u>	<u>Grant Period</u>	<u>Contract Number</u>	<u>Amount Awarded</u>	<u>State Revenues</u>	<u>State Expenditures</u>	<u>Amount Due from State</u>
Family Connections	07/01/15 to 06/30/16	42700-93-161600053	\$ 46,000	\$ 23,000	\$ 23,000	\$ 0
Family Connections	07/01/16 to 06/30/17	42700-93-171700062	<u>47,000</u>	<u>23,250</u>	<u>23,250</u>	<u>11,500</u>
Total			<u><u>\$ 93,000</u></u>	<u><u>\$ 46,250</u></u>	<u><u>\$ 46,250</u></u>	<u><u>\$ 11,500</u></u>

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