

PICKENS COUNTY, GEORGIA

**ANNUAL FINANCIAL REPORT
(WITH INDEPENDENT AUDITORS' REPORT)**

Year Ended December 31, 2016

**PICKENS COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2016**

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INDEPENDENT AUDITORS' REPORT

June 13, 2017

Board of Commissioners
PICKENS COUNTY, GEORGIA
Jasper, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of PICKENS COUNTY, GEORGIA, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the PICKENS COUNTY HEALTH DEPARTMENT, a component unit of the County, as of and for the year then ended December 31, 2016, which statements reflect total assets of \$344,604, as of December 31, 2016, and total revenues of \$611,349, for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the PICKENS COUNTY HEALTH DEPARTMENT, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of PICKENS COUNTY, GEORGIA, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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, Schedule of the Net Pension Liability - ACCG Defined Benefit Plan, Schedule of Contributions - ACCG Defined Benefit Plan, Schedule of Notes to Required Supplementary Information - ACCG Defined Benefit Plan, Schedule of Other Post Retirement Benefits Funding Progress, and Budgetary Comparison Schedule - General Fund listed in the table of contents 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 and the other auditors 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 PICKENS COUNTY, GEORGIA's basic financial statements. The combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, Schedule of Projects Constructed with Special Sales Tax Proceeds which is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and the Schedule of State Contractual Services, and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, Schedule of Projects Constructed with Special Sales Tax Proceeds, Schedule of State Contractual Services, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2017 on our consideration of PICKENS 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 PICKENS COUNTY, GEORGIA's internal control over financial reporting and compliance.

Baker, Carter & Co., LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Pickens County, Georgia (the "County"), we provide this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2016. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The County's assets exceeded its liabilities by \$52,949,455 (net position) for the year reported. This represents an increase of \$1,277,288 from the previous year.

Total net position is comprised of the following:

1. Net investment in capital assets equaled \$49,606,338.
2. Net position of \$3,060,636 are restricted for debt service, capital outlay, or by other constraints imposed by law or regulations.
3. At the end of 2016, unrestricted net position balance increased by \$840,140 from \$(557,659) to \$282,481.

The County's governmental funds reported total ending fund balance of \$10,633,244. This compares to the prior year ending fund balance of \$8,568,253 showing an increase of \$2,064,991 during the current year.

At the end of 2016, unassigned fund balance for the County's governmental funds was \$7,312,571.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis introduces the County's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government – wide statements and fund financial statements. This report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances and are more comparable to the financial statements of private-sector businesses. The government-wide statements provide both short and long-term information about the County's financial status as a whole. Government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and total liabilities. Changes in net position indicate the improvement (an increase) or deterioration (a decrease) in the County's financial condition.

The first of these government-wide statements is the *Statement of Net Position*. This statement presents information that includes all of the County's assets and liabilities, with the difference reported as total net position.

The second government-wide statement is the *Statement of Activities* which indicates how the County's net position changed during the current fiscal year. This report is designed to show the financial reliance of the County's activities and functions on revenues provided by County taxpayers.

The government-wide statements are divided into governmental activities, business-type activities, and component units.

Governmental activities include most of the County's basic services such as general administration, public safety, public works, court systems, culture and recreation, health and welfare, and housing and development. Property taxes, sales taxes, and state and federal grants finance most of these activities.

Business type activities are those that the County charges customers to provide. These include water services and the Pickens County Airport.

Component Units for the County include the Development Authority and the Pickens County Department of Public Health.

Fund Financial Statements

Pickens County, like all other governmental entities in Georgia, uses fund accounting to ensure compliance with finance-related laws and regulations. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the County can be classified as governmental funds, proprietary funds, or fiduciary funds.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. These funds focus on how assets can readily be converted into cash and the amount of funds left at year-end that will be available for spending in the next fiscal year. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps determine if there are financial resources available to finance the County's programs. Most of the County's basic services are accounted for in governmental funds.

Proprietary funds are used to report the functions presented as business-type activities in the government-wide financial statements. Pickens County uses enterprise funds to account for the Water Department and the Airport.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the Government. Pickens County's fiduciary funds are considered agency funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data presented in both the government-wide and fund financial statements. The notes to the financial statements begin on page 13 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The table below presents the County's condensed *Statement of Net Position*. Comparison analysis is made from the year ended December 31, 2016 to the year ended December 31, 2015 as required by GASB Statement No. 34.

Comparative Schedule of Net Position December 31

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Capital assets (net of depreciation)	\$ 43,835,892	\$ 45,089,533	\$ 18,610,371	\$ 19,026,681	\$ 62,446,263	\$ 64,116,214
Current and other assets	<u>12,394,186</u>	<u>9,995,203</u>	<u>(2,516,390)</u>	<u>(2,389,859)</u>	<u>9,877,796</u>	<u>7,605,344</u>
Total Assets	<u>56,230,078</u>	<u>55,084,736</u>	<u>16,093,981</u>	<u>16,636,822</u>	<u>72,324,059</u>	<u>71,721,558</u>
Long-term liabilities	3,060,636	2,183,526	-	-	3,060,636	2,183,526
Other liabilities	<u>5,185,707</u>	<u>5,784,824</u>	<u>11,128,261</u>	<u>12,081,041</u>	<u>16,313,968</u>	<u>17,865,865</u>
Total liabilities	<u>8,246,343</u>	<u>7,968,350</u>	<u>11,128,261</u>	<u>12,081,041</u>	<u>19,374,604</u>	<u>20,049,391</u>
Net Position:						
Net investment in capital assets	41,895,236	42,944,672	7,711,102	7,101,628	49,606,338	50,046,300
Restricted	3,060,636	2,183,526	-	-	3,060,636	2,183,526
Unrestricted	<u>3,027,863</u>	<u>1,988,188</u>	<u>(2,745,382)</u>	<u>(2,545,847)</u>	<u>282,481</u>	<u>(557,659)</u>
Total net position	<u>\$ 47,983,735</u>	<u>\$ 47,116,386</u>	<u>\$ 4,965,720</u>	<u>\$ 4,555,781</u>	<u>\$ 52,949,455</u>	<u>\$ 51,672,167</u>

Over time, net position serves as a useful indicator of a government's financial position. The County's combined net position (government and business-type activities) totaled \$52,949,455 at December 31, 2016 compared to \$51,672,167 at December 31, 2015. The total increase was \$1,277,288.

The largest portion of net position, \$49,606,338 (94%), reflects the County's investment in capital assets (land, buildings, machinery and equipment) less accumulated depreciation and any related debt still outstanding that was issued to acquire those assets. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investments in capital assets are reported net of outstanding debt, the resources needed to repay the debt must be provided by other sources as the capital assets cannot be liquidated to pay the liabilities. The County has \$3,060,636 (6%) of restricted net position that is subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion of net position represents \$282,481 (0.5%) of unrestricted net position.

The table below presents the County's condensed *Statement of Activities* for the year ended December 31, 2016 with comparative amounts for the year ended December 31, 2015.

Comparative Schedule of Changes in Net Position December 31

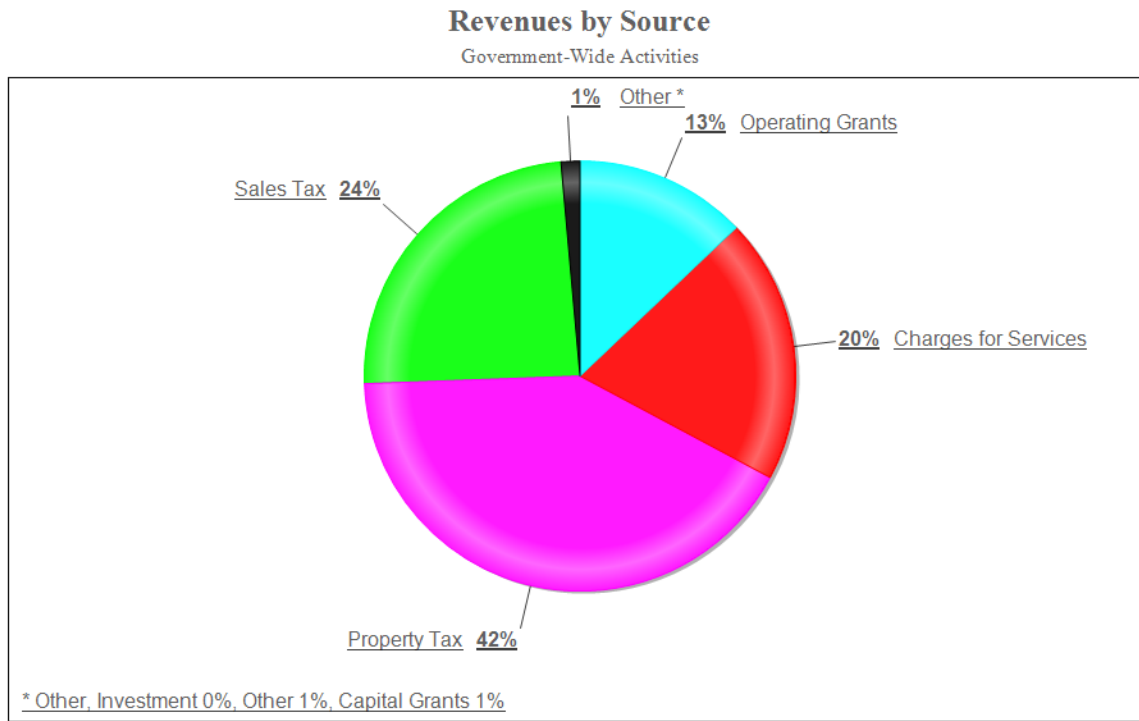
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues						
Charges for services	\$ 5,782,752	\$ 5,495,935	\$ 2,581,815	\$ 2,401,348	\$ 8,364,567	\$ 7,897,283
Operating grants and contributions	3,760,012	3,175,239	-	-	3,760,012	3,175,239
Capital grants and contributions	165,347	1,264,247	531,386	151,731	696,733	1,415,978
Subtotal for program revenues	<u>9,708,111</u>	<u>9,935,421</u>	<u>3,113,201</u>	<u>2,553,079</u>	<u>12,821,312</u>	<u>12,488,500</u>
General revenues						
Property taxes	12,102,447	10,744,340	-	-	12,102,447	10,744,340
Sales taxes	7,065,668	6,925,062	-	-	7,065,668	6,925,062
Insurance premium tax	1,397,559	1,313,298	-	-	1,397,559	1,313,298
Franchise tax	133,447	133,447	-	-	133,447	133,447
Other taxes	234,882	55,056	-	-	234,882	55,056
Interest and investment earnings	25,909	20,872	7	16	25,916	20,888
Other revenue	363,124	355,425	-	-	363,124	355,425
Grants and contributions not restricted to a specific program	21,936	21,496	-	-	21,936	21,496
Gain on sale of capital assets	24,372	44,425	-	19,712	24,372	64,137
Subtotal for general revenues	<u>21,369,344</u>	<u>19,613,421</u>	<u>7</u>	<u>19,728</u>	<u>21,369,351</u>	<u>19,633,149</u>
Total revenues	<u>31,077,455</u>	<u>29,548,842</u>	<u>3,113,208</u>	<u>2,572,807</u>	<u>34,190,663</u>	<u>32,121,649</u>
EXPENSES						
Program expenses						
General government	3,936,931	3,610,343	-	-	3,936,931	3,610,343
Judicial	5,103,493	4,754,880	-	-	5,103,493	4,754,880
Public safety	12,656,456	12,071,736	-	-	12,656,456	12,071,736
Public works	6,116,049	4,884,645	-	-	6,116,049	4,884,645
Health & welfare	608,533	407,885	-	-	608,533	407,885
Recreation & culture	1,020,431	1,087,548	-	-	1,020,431	1,087,548
Housing and development	664,209	546,155	-	-	664,209	546,155
Interest and paying agent fees	104,003	128,136	-	-	104,003	128,136
Water	-	-	2,206,323	2,232,705	2,206,323	2,232,705
Airport	-	-	496,946	520,816	496,946	520,816
Total expenses	<u>30,210,105</u>	<u>27,491,328</u>	<u>2,703,269</u>	<u>2,753,521</u>	<u>32,913,374</u>	<u>30,244,849</u>
Change in net position before transfers	867,350	2,057,514	409,939	(180,714)	1,277,289	1,876,800
Transfers	-	26,336	-	(26,336)	-	-
Change in net position	<u>867,350</u>	<u>2,083,850</u>	<u>409,939</u>	<u>(207,050)</u>	<u>1,277,289</u>	<u>1,876,800</u>
Net position, beginning of year	47,116,385	47,643,538	4,555,781	4,762,832	51,672,166	52,406,369
Change in accounting principle	-	(2,152,478)	-	-	-	(2,152,478)
Prior period adjustment	-	(458,524)	-	-	-	(458,524)
Net position, beginning as restated	47,116,385	45,032,536	4,555,781	4,762,832	51,672,166	49,795,367
Net position, end of year	<u>\$ 47,983,735</u>	<u>\$ 47,116,386</u>	<u>\$ 4,965,720</u>	<u>\$ 5,163,668</u>	<u>\$ 52,949,455</u>	<u>\$ 51,672,167</u>

Governmental Activities Revenues increased the County's net position by \$867,350. Property taxes, insurance premium tax and other taxes, which continue as the main source of revenue for governmental activities totaled \$21,369,344 in 2016 compared to \$19,613,421 in 2015. This change is an increase of 8.95%.

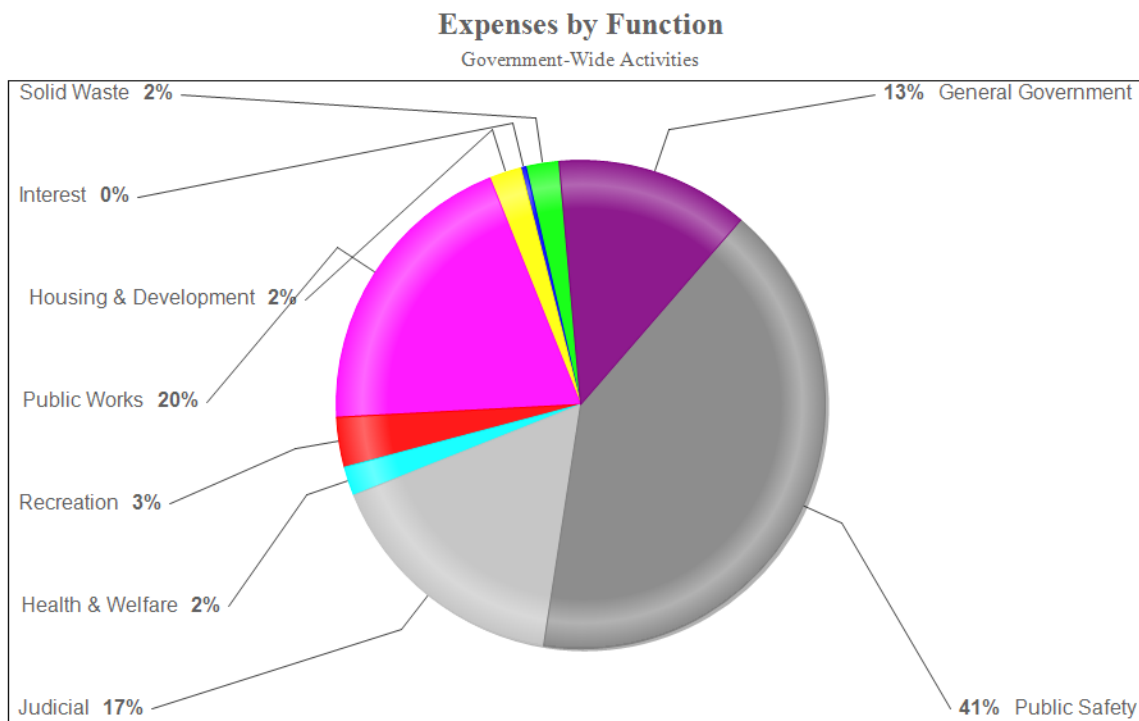
Governmental Activities Expenses by function as reflected in the table above show that during 2016, the County expended 42% for Public Safety, 17% for Judicial, 20% for Public Works, 13% for General Government, 3% for Culture and Recreation, 2% for Housing and Development, 2% for Health and Welfare, and 1% for Interest on Long-term debt.

As a comparative, during fiscal year 2015, the County expended 44% for Public Safety, 17% for Judicial, 18% for Public Works, 13% for General Government, 4% for Culture and Recreation, 2% for Housing and Development, 1% for Health and Welfare, and 1% for Interest on Long-term debt.

Business-type activities increased the County's net position by \$409,938.



*Due to rounding, charts may not always equal 100%



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the Government's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

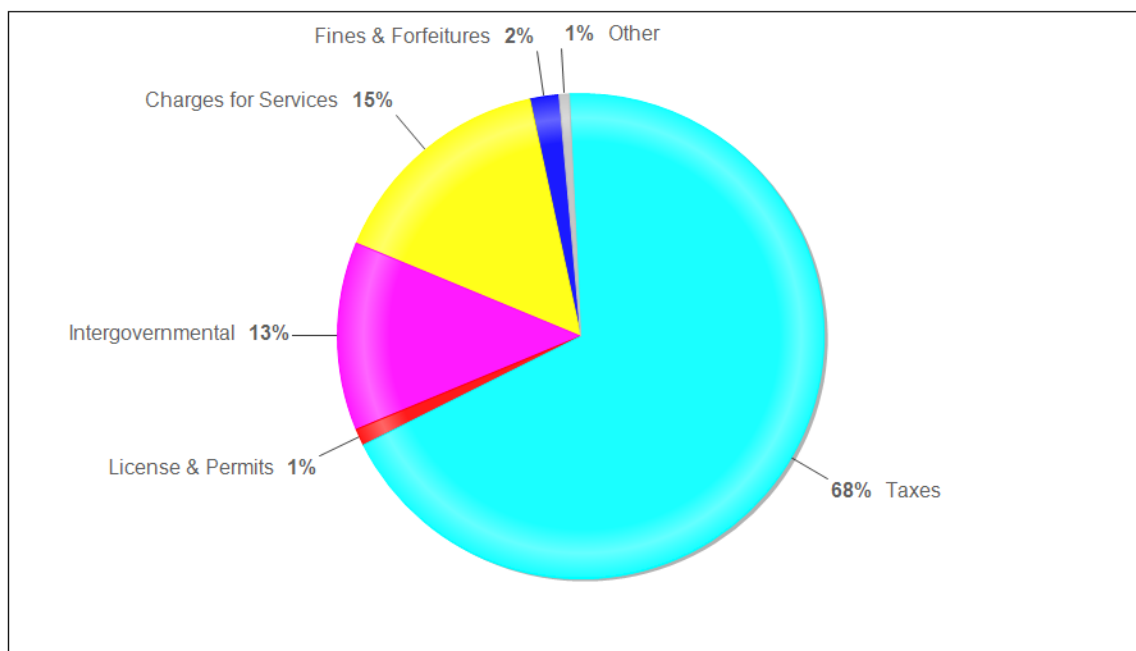
The major governmental funds are the General Fund and SPLOST. The General Fund is the chief operating fund of the County. It is used to account for all governmental financial resources not restricted by state or federal laws, local ordinances, or other imposed requirements. The County's total governmental funds reported ending fund balance of \$7,697,608. This compares to the prior year ending fund balance of \$6,461,040 showing an increase of \$1,236,568 during the current year. At the end of fiscal year 2016, unassigned fund balance for the County's governmental funds was \$7,312,571.

The County's other major governmental fund is the SPLOST fund. The fund balance of the SPLOST fund increased by \$679,709 during the current fiscal year. Collections for 2014 SPLOST began on July 1, 2014. Based on the approved 2014 SPLOST referendum, the majority of the 2014 SPLOST revenues are allocated for capital road projects and public safety. The SPLOST fund has an ending fund balance of \$2,248,432 which is restricted for capital projects as outlined in the 2014 SPLOST referendum.

In 2016, governmental revenues increased \$1,075,761 from 2015. This increase is primarily due to activity in the General Fund related to an increase in revenues from taxes, licenses and permits and charges for services. There was a slight increase in revenues in the SPLOST fund.

Revenues by Source

Fund Level - Governmental



Proprietary funds. The County's proprietary fund statements provide the same type of information presented in the government-wide statements but in more detail.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County's capital assets for governmental and business-type activities as of December 31, 2016 total \$62,446,263 (net of accumulated depreciation). These assets include land, land improvements, infrastructure, buildings, machinery and equipment, furniture and fixtures, vehicles and construction in progress.

Pickens County's Capital Assets (Net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land and improvements	\$ 4,718,417	\$ 4,750,328	\$ 2,555,674	\$ 2,487,391	\$ 7,274,091	\$ 7,237,719
Construction in progress	9,606	-	5,998,802	5,876,196	6,008,408	5,876,196
Buildings	30,728,570	31,533,638	(101,220)	(24,976)	30,627,350	31,508,662
Machinery & equipment	2,473,576	2,493,747	440,912	414,277	2,914,488	2,908,024
Furniture & fixtures	-	-	-	-	-	-
Vehicles	1,206,425	1,192,002	110,533	146,027	1,316,958	1,338,029
Infrastructure	4,699,298	5,119,818	9,605,670	10,127,766	14,304,968	15,247,584
Total Assets	<u>\$ 43,835,892</u>	<u>\$ 45,089,533</u>	<u>\$ 18,610,371</u>	<u>\$ 19,026,681</u>	<u>\$ 62,446,263</u>	<u>\$ 64,116,214</u>

Detailed information on the County's capital assets can be found in Note 6 of the basic financial statements.

Long-term Debt. During 2016, the long-term debt of Pickens County's governmental activities increased \$293,296. The inception of capital leases for the purchase of vehicles and equipment totaled \$571,056 during 2016. The notes payable category decreased due to the continual repayment of debt. The net pension liability increased \$547,327 due to the implementation of GASB 68, and the net OPEB obligation remained the same as of 2015 as that valuation is adjusted biannually. Long-term debt decreased in business-type activities in the amount of \$(1,027,213).

Pickens County's Outstanding Debt Bonds Payable, Capital Leases, Notes Payable, Claims, and Other Debts

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Bonds payable	\$ -	\$ -	\$ 10,818,273	\$ 11,776,713	\$ 10,818,273	\$ 11,776,713
Capital leases	1,080,564	892,509	80,995	148,340	1,161,559	1,040,849
Notes payable	860,092	1,252,352	-	-	860,092	1,252,352
Landfill closure/postclosure	244,733	292,695	-	-	244,733	292,695
Compensated absences	214,950	216,814	5,929	7,357	220,879	224,171
Net pension obligation	3,218,002	2,670,675	-	-	3,218,002	2,670,675
Net OPEB obligation	1,701,073	1,701,073	-	-	1,701,073	1,701,073
Totals	<u>\$ 7,319,414</u>	<u>\$ 7,026,118</u>	<u>\$ 10,905,197</u>	<u>\$ 11,932,410</u>	<u>\$ 18,224,611</u>	<u>\$ 18,958,528</u>

Additional information regarding Pickens County's long-term debt can be found in Note 7 on pages 31 through 35 of this report.

ECONOMIC FACTORS AND THE 2017 BUDGET

- The 2016 millage rate increased from 7.22 to 7.95 per \$1,000 of valuation. The 2016 millage rate was an increase of 10.37% and the 2016 total County taxes levied increased \$1,025,064 as compared to 2015.

- The 2016 final budget shown in this report was increased by \$657,853 to \$24,482,496 to recognize an increase in tax revenues and charges for services.
- The 2017 budget was approved and adopted by the Board of Commissioners on December 15, 2016. The 2017 operating budget increased from \$24,482,496 to \$25,364,859, an increase of \$882,363. The majority of the revenue increase is in tax revenues, title ad valorem tax, license and permit fees and charges for services. The majority of expenditure increase is in contingencies, purchased services and salaries and benefits.
- Monthly budgetary reports are provided to all department heads, elected officials and the Board of Commissioners.

Pickens County management continues to monitor revenue collection rates and control budgetary spending in an effort to provide services at or above current levels without further burdening the county taxpayers.

REQUESTS FOR INFORMATION

This report is designed to provide the reader a general overview of the County's finances and demonstrate Management's commitment to public accountability. Questions concerning any of the information found in this report or requests for additional information should be directed to Faye Harvey, Finance Director for Pickens County Board of Commissioners, 1266 East Church Street, Suite 175, Jasper, Georgia 30143.

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

ASSETS	<u>PRIMARY GOVERNMENT</u>			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Cash	\$ 6,235,100	\$ 600	\$ 6,235,700	\$ 617,043
Investments	22,398	-	22,398	-
Capital lease receivable	-	-	-	168,000
Receivables (net of allowance for uncollectibles)	3,077,166	234,573	3,311,739	34,466
Internal balances	2,799,485	(2,799,485)	-	-
Inventories	21,356	40,773	62,129	1,191
Prepaid items	112,103	-	112,103	-
Restricted assets:				
Cash	126,578	7,149	133,727	-
Capital lease receivable	-	-	-	2,856,000
Capital assets:				
Capital assets not being depreciated	4,254,602	7,689,396	11,943,998	-
Capital assets being depreciated	62,058,907	19,330,296	81,389,203	68,894
Less: accumulated depreciation	<u>(22,477,617)</u>	<u>(8,409,321)</u>	<u>(30,886,938)</u>	<u>(68,894)</u>
Capital assets, net of depreciation	<u>43,835,892</u>	<u>18,610,371</u>	<u>62,446,263</u>	<u>-</u>
TOTAL ASSETS	<u>56,230,078</u>	<u>16,093,981</u>	<u>72,324,059</u>	<u>3,676,700</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension expense	-	-	-	74,353
TOTAL DEFERRED OUTFLOWS OF RESOURCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,353</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>56,230,078</u>	<u>16,093,981</u>	<u>72,324,059</u>	<u>3,751,053</u>
LIABILITIES				
Accounts payable	555,771	109,780	665,551	5,111
Accrued interest payable	-	14,194	14,194	-
Other accrued items	267,125	19,364	286,489	-
Due to other governments	72,173	-	72,173	-
Unearned revenue	-	79,725	79,725	-
Amounts held in trust	31,860	-	31,860	-
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	150,465	4,150	154,615	3,930
Accrued landfill closure / postclosure	15,000	-	15,000	-
Notes payable	405,492	-	405,492	-
Capital leases payable	470,010	42,133	512,143	-
Revenue bonds payable	-	483,000	483,000	65,772
Due in more than one year				
Compensated absences payable	64,485	1,779	66,264	3,930
Net pension liability	3,218,002	-	3,218,002	439,253
Net OPEB obligation	1,701,073	-	1,701,073	-
Accrued landfill closure / postclosure	229,733	-	229,733	-
Notes payable	454,600	-	454,600	-
Capital leases payable	610,554	38,863	649,417	-
Revenue bonds payable	-	10,335,273	10,335,273	1,795,125
TOTAL LIABILITIES	<u>8,246,343</u>	<u>11,128,261</u>	<u>19,374,604</u>	<u>2,313,121</u>
DEFERRED INFLOWS OF RESOURCE				
Pension expense	-	-	-	1,168,022
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,168,022</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>8,246,343</u>	<u>11,128,261</u>	<u>19,374,604</u>	<u>3,481,143</u>
NET POSITION				
Net investment in capital assets	41,895,236	7,711,102	49,606,338	-
Restricted for:				
Capital outlay projects	2,373,432	-	2,373,432	-
Judicial programs	455,788	-	455,788	-
Public safety programs	200,917	-	200,917	-
Health and welfare programs	-	-	-	20,124
Housing and development programs	30,499	-	30,499	-
Unrestricted	<u>3,027,863</u>	<u>(2,745,382)</u>	<u>282,481</u>	<u>249,786</u>
TOTAL NET POSITION	<u>\$ 47,983,735</u>	<u>\$ 4,965,720</u>	<u>\$ 52,949,455</u>	<u>\$ 269,910</u>

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

FUNCTIONS/PROGRAMSPROGRAM REVENUES.....			NET (EXPENSE) AND CHANGES IN NET POSITION.....			COMPONENT UNITS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	\$ 3,936,931	\$ 859,616	\$ 211,834	\$ 22,170	\$ (2,843,311)	\$ -	\$ (2,843,311)	\$ -
Judicial	5,103,493	1,055,608	2,616,173	64,546	(1,367,166)	-	(1,367,166)	-
Public safety	12,656,456	3,129,532	777,159	-	(8,749,765)	-	(8,749,765)	-
Public works	6,116,049	363,440	-	78,631	(5,673,978)	-	(5,673,978)	-
Public health and welfare	608,533	200	152,856	-	(455,477)	-	(455,477)	-
Recreation and culture	1,020,431	157,942	-	-	(862,489)	-	(862,489)	-
Housing and development	664,209	216,414	1,990	-	(445,805)	-	(445,805)	-
Interest	104,003	-	-	-	(104,003)	-	(104,003)	-
Total Governmental Activities	<u>30,210,105</u>	<u>5,782,752</u>	<u>3,760,012</u>	<u>165,347</u>	<u>(20,501,994)</u>	<u>-</u>	<u>(20,501,994)</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES								
Water	2,206,324	2,274,148	-	-	-	67,824	67,824	-
Airport	496,946	307,668	-	531,386	-	342,108	342,108	-
Total Business-Type Activities	<u>2,703,270</u>	<u>2,581,816</u>	<u>-</u>	<u>531,386</u>	<u>-</u>	<u>409,932</u>	<u>409,932</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 32,913,375</u>	<u>\$ 8,364,568</u>	<u>\$ 3,760,012</u>	<u>\$ 696,733</u>	<u>(20,501,994)</u>	<u>409,932</u>	<u>(20,092,062)</u>	<u>-</u>
COMPONENT UNITS								
Health Department	\$ 524,346	\$ 294,241	\$ 317,108	\$ -	-	-	-	87,003
Development Authority	59,448	127,500	-	-	-	-	-	68,052
TOTAL COMPONENT UNITS	<u>\$ 583,794</u>	<u>\$ 421,741</u>	<u>\$ 317,108</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,055</u>
GENERAL REVENUES								
Property taxes					12,102,447	-	12,102,447	-
Sales taxes					7,065,668	-	7,065,668	-
Insurance premium taxes					1,397,559	-	1,397,559	-
Real estate recording taxes					368,329	-	368,329	-
Other taxes					363,124	-	363,124	-
Total taxes					<u>21,297,127</u>	<u>-</u>	<u>21,297,127</u>	<u>-</u>
Unrestricted investment earnings					25,909	7	25,916	986
Grants and contributions not restricted to a specific program					21,936	-	21,936	-
Gain on sale of capital assets					24,372	-	24,372	-
TRANSFERS					-	-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					<u>21,369,344</u>	<u>7</u>	<u>21,369,351</u>	<u>986</u>
CHANGES IN NET POSITION					867,350	409,939	1,277,289	156,041
NET POSITION, Beginning					47,116,385	4,555,781	51,672,166	113,869
NET POSITION, Ending					<u>\$ 47,983,735</u>	<u>\$ 4,965,720</u>	<u>\$ 52,949,455</u>	<u>\$ 269,910</u>

The accompanying notes are an integral part of this statement.

**PICKENS COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016**

	GENERAL	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash	\$ 4,010,517	\$ 1,842,940	\$ 381,643	\$ 6,235,100
Investments	-	-	22,398	22,398
Receivables (net of allowance for uncollectibles)	2,286,653	405,548	384,965	3,077,166
Interfund receivables	3,121,368	-	312,705	3,434,073
Prepaid items	112,103	-	-	112,103
Inventories	21,356	-	-	21,356
Restricted assets:				
Cash	126,578	-	-	126,578
TOTAL ASSETS	<u>9,678,575</u>	<u>2,248,488</u>	<u>1,101,711</u>	<u>13,028,774</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 9,678,575</u>	<u>\$ 2,248,488</u>	<u>\$ 1,101,711</u>	<u>\$ 13,028,774</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 451,204	\$ 56	\$ 104,514	\$ 555,774
Other accrued items	199,646	-	67,478	267,124
Due to other governments	72,173	-	-	72,173
Interfund payables	423,933	-	210,655	634,588
Amounts held in trust	-	-	31,860	31,860
TOTAL LIABILITIES	<u>1,146,956</u>	<u>56</u>	<u>414,507</u>	<u>1,561,519</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	834,011	-	-	834,011
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>834,011</u>	<u>-</u>	<u>-</u>	<u>834,011</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,980,967</u>	<u>56</u>	<u>414,507</u>	<u>2,395,530</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditure	112,103	-	-	112,103
Inventories	21,356	-	-	21,356
Restricted:				
Capital outlay projects	125,000	2,248,432	-	2,373,432
Judicial programs	126,578	-	455,788	582,366
Public safety programs	-	-	200,917	200,917
Housing and development programs	-	-	30,499	30,499
Unassigned:	7,312,571	-	-	7,312,571
TOTAL FUND BALANCES	<u>7,697,608</u>	<u>2,248,432</u>	<u>687,204</u>	<u>10,633,244</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 9,678,575</u>	<u>\$ 2,248,488</u>	<u>\$ 1,101,711</u>	<u>\$ 13,028,774</u>

The accompanying notes are an integral part of this statement.

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

Total Fund Balances for Governmental Funds (page 3)		\$ 10,633,244
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		43,835,892
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.		
Property Taxes	834,011	834,011
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability	(3,218,002)	
Compensated absences	(214,950)	
Capital leases	(1,080,564)	
Net OPEB obligation	(1,701,073)	
Notes payable	(860,092)	
Accrued landfill closure/postclosure	(244,733)	(7,319,414)
Rounding		2
Total net position of governmental activities (page 1)		\$ 47,983,735

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	GENERAL	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 16,760,177	\$ 4,155,507	\$ 32,149	\$ 20,947,833
Licenses and permits	347,577	-	-	347,577
Intergovernmental	1,823,995	-	2,050,885	3,874,880
Fines and forfeitures	353,968	-	251,436	605,404
Charges for services	3,789,336	-	927,813	4,717,149
Contributions and donations	26,270	-	46,144	72,414
Investment income	17,274	7,828	806	25,908
Miscellaneous	112,623	-	-	112,623
TOTAL REVENUES	<u>23,231,220</u>	<u>4,163,335</u>	<u>3,309,233</u>	<u>30,703,788</u>
EXPENDITURES				
Current Expenditures				
General government	3,292,362	-	-	3,292,362
Judicial	3,272,678	-	1,716,283	4,988,961
Public safety	10,115,070	47,140	1,301,011	11,463,221
Public works	2,147,022	2,378,852	-	4,525,874
Public health and welfare	289,671	-	219,274	508,945
Recreation and culture	905,225	-	-	905,225
Housing and development	552,608	-	1,462	554,070
Intergovernmental	-	937,634	336,493	1,274,127
Capital outlay	564,185	-	304,924	869,109
Debt service				
Principal	641,477	116,071	17,713	775,261
Interest	98,258	3,929	1,816	104,003
TOTAL EXPENDITURES	<u>21,878,556</u>	<u>3,483,626</u>	<u>3,898,976</u>	<u>29,261,158</u>
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	<u>1,352,664</u>	<u>679,709</u>	<u>(589,743)</u>	<u>1,442,630</u>
OTHER FINANCING SOURCES (USES)				
Sale of county property	51,305	-	-	51,305
Issuance of notes payable	-	-	300,000	300,000
Capital lease proceeds	271,056	-	-	271,056
Transfers in	-	-	605,118	605,118
Transfers out	(560,492)	-	(44,626)	(605,118)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(238,131)</u>	<u>-</u>	<u>860,492</u>	<u>622,361</u>
NET CHANGE IN FUND BALANCES	<u>1,114,533</u>	<u>679,709</u>	<u>270,749</u>	<u>2,064,991</u>
FUND BALANCES, Beginning of year	6,461,040	1,568,723	538,490	8,568,253
PRIOR PERIOD ADJUSTMENT	122,035	-	(122,035)	-
FUND BALANCES, Beginning, as restated	<u>6,583,075</u>	<u>1,568,723</u>	<u>416,455</u>	<u>8,568,253</u>
FUND BALANCES, End of year	<u>\$ 7,697,608</u>	<u>\$ 2,248,432</u>	<u>\$ 687,204</u>	<u>\$ 10,633,244</u>

The accompanying notes are an integral part of this statement.

PICKENS 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 (page 5)		\$ 2,064,991
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlays	869,109	
Depreciation expense	<u>(2,095,816)</u>	(1,226,707)
<p>In the statement of activities, only the gain/loss on the sale of various capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.</p>		
Net book value of capital assets sold	<u>(26,933)</u>	(26,933)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	<u>834,011</u>	834,011
<p>Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.</p>		
Property taxes	<u>(484,716)</u>	(484,716)
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances.</p>		
Proceeds from borrowing including premiums and discounts	(571,056)	
Principal payments on long-term debt	775,261	
Accrued landfill closure/postclosure, current year	(244,733)	
Accrued landfill closure/postclosure, prior year	<u>292,695</u>	252,167
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences, current year	(214,950)	
Compensated absences, prior year	<u>216,814</u>	1,864
<p>Net OPEB obligation is not available during the current period and therefore is not reported in the funds.</p>		
End of year	(1,701,073)	
Beginning of year	<u>1,701,073</u>	-
<p>Net pension liability is not available during the current period and therefore is not reported in the funds.</p>		
End of year	(3,218,002)	
Beginning of year	<u>2,670,675</u>	(547,327)
Changes in net position of governmental activities (page 2)		<u><u>\$ 867,350</u></u>

The accompanying notes are an integral part of this statement.

**PICKENS COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016**

**BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS**

	WATER FUND	AIRPORT AUTHORITY	TOTAL
ASSETS			
Current Assets			
Cash	\$ 600	\$ -	\$ 600
Receivables (net of allowance for uncollectibles)	232,920	1,653	234,573
Interfund receivables	112,272	-	112,272
Inventories	27,401	13,372	40,773
Restricted assets:			
Cash	7,149	-	7,149
TOTAL CURRENT ASSETS	<u>380,342</u>	<u>15,025</u>	<u>395,367</u>
Noncurrent Assets			
Capital assets			
Capital assets not being depreciated	383,684	7,305,712	7,689,396
Capital assets being depreciated	17,584,598	1,745,698	19,330,296
Less: accumulated depreciation	<u>(7,472,411)</u>	<u>(936,910)</u>	<u>(8,409,321)</u>
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>10,495,871</u>	<u>8,114,500</u>	<u>18,610,371</u>
TOTAL NONCURRENT ASSETS	<u>10,495,871</u>	<u>8,114,500</u>	<u>18,610,371</u>
TOTAL ASSETS	<u>10,876,213</u>	<u>8,129,525</u>	<u>19,005,738</u>
LIABILITIES			
Current Liabilities			
Accounts payable	94,590	15,190	109,780
Other accrued items	16,839	2,525	19,364
Interfund payables	2,261,616	650,141	2,911,757
Unearned revenue	75,225	4,500	79,725
Compensated absences payable	4,150	-	4,150
Capital lease payable	42,133	-	42,133
Revenue bonds payable	483,000	-	483,000
Accrued interest payable	14,194	-	14,194
TOTAL CURRENT LIABILITIES	<u>2,991,747</u>	<u>672,356</u>	<u>3,664,103</u>
Noncurrent Liabilities			
Compensated absences payable	1,779	-	1,779
Capital lease payable	38,863	-	38,863
Revenue bonds payable	<u>6,765,000</u>	<u>3,570,273</u>	<u>10,335,273</u>
TOTAL NONCURRENT LIABILITIES	<u>6,805,642</u>	<u>3,570,273</u>	<u>10,375,915</u>
TOTAL LIABILITIES	<u>9,797,389</u>	<u>4,242,629</u>	<u>14,040,018</u>
NET POSITION			
Net investment in capital assets	3,166,875	4,544,227	7,711,102
Unrestricted	<u>(2,088,051)</u>	<u>(657,331)</u>	<u>(2,745,382)</u>
TOTAL NET POSITION	<u>\$ 1,078,824</u>	<u>\$ 3,886,896</u>	<u>\$ 4,965,720</u>

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS

	WATER FUND	AIRPORT AUTHORITY	TOTAL
OPERATING REVENUES			
Charges for sales and services:			
Pledged as security for revenue bonds:			
Water sales	\$ 2,158,600	\$ -	\$ 2,158,600
Water connection fees	115,547	-	115,547
Other	-	1,018	1,018
Charges for services-other	-	306,650	306,650
Total Operating Revenues	2,274,147	307,668	2,581,815
OPERATING EXPENSES			
Salaries and benefits	533,456	72,722	606,178
Other services and charges	870,997	190,004	1,061,001
Depreciation	621,428	90,818	712,246
Professional fees	-	3,432	3,432
Repairs and maintenance	-	6,618	6,618
Total Operating Expenses	2,025,881	363,594	2,389,475
OPERATING INCOME (LOSS)	248,266	(55,926)	192,340
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	7	-	7
Interest expense	(180,442)	(133,352)	(313,794)
Total Nonoperating Revenues (Expenses)	(180,435)	(133,352)	(313,787)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	67,831	(189,278)	(121,447)
Capital grants	-	531,386	531,386
CHANGE IN NET POSITION	67,831	342,108	409,939
TOTAL NET POSITION, Beginning of year	1,010,993	3,544,788	4,555,781
TOTAL NET POSITION, End of year	\$ 1,078,824	\$ 3,886,896	\$ 4,965,720

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	WATER FUND	AIRPORT AUTHORITY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customer	\$ 2,322,455	\$ 314,142	\$2,636,597
Payments to suppliers	(977,799)	46,378	(931,421)
Payments to employees	<u>(527,365)</u>	<u>(72,764)</u>	<u>(600,129)</u>
Net cash provided by (used in) operating activities	<u>817,291</u>	<u>287,756</u>	<u>1,105,047</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Net Cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(105,047)	(198,353)	(303,400)
Proceeds from sale of capital assets	7,465	-	7,465
Proceeds from capital grants	-	531,389	531,389
Principal payments on debt	(538,345)	(487,440)	1,025,785)
Interest paid	<u>(181,364)</u>	<u>(133,352)</u>	<u>(314,716)</u>
Net cash provided (used) by capital and related financing activities	<u>(817,291)</u>	<u>(287,756)</u>	<u>1,105,047)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	<u>7</u>	<u>-</u>	<u>7</u>
Net cash provided (used) by investing activities	<u>7</u>	<u>-</u>	<u>7</u>
Net increase (decrease) in cash and cash equivalents	7	-	7
CASH, Beginning of year	<u>7,742</u>	<u>-</u>	<u>7,742</u>
CASH, End of year	<u>\$ 7,749</u>	<u>\$ -</u>	<u>\$ 7,749</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 248,266	\$ (55,926)	\$ 192,340
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	621,428	90,818	712,246
(Increase) decrease in:			
Accounts receivable	(26,917)	7,854	(19,063)
Inventory	-	17,371	17,371
Increase (decrease) in:			
Accounts payable	(7,355)	1,387	(5,968)
Compensated absences	(1,428)	-	(1,428)
Other accrued items	7,519	(42)	7,477
Deferred revenue	75,225	(1,380)	73,845
Interfund payables	<u>(99,447)</u>	<u>227,674</u>	<u>128,227</u>
Net cash provided by (used in) operating activities	<u>\$ 817,291</u>	<u>\$ 287,756</u>	<u>\$1,105,047</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES			
Disposals of capital assets	<u>\$ (7,464)</u>	<u>\$ -</u>	<u>\$ (7,464)</u>

The accompanying notes are an integral part of this statement.

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

	AGENCY FUNDS
ASSETS	
Cash	\$ <u>2,379,409</u>
TOTAL ASSETS	\$ <u><u>2,379,409</u></u>
LIABILITIES	
Amount held in trust	\$ <u>2,379,409</u>
TOTAL LIABILITIES	\$ <u><u>2,379,409</u></u>

The accompanying notes are an integral part of this statement.

**PICKENS COUNTY, GEORGIA
 COMPONENT UNITS
 COMBINING STATEMENT OF NET POSITION
 December 31, 2016**

	HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY	TOTAL
ASSETS			
Cash	\$ 308,947	\$ 308,096	\$ 617,043
Capital lease receivable	-	168,000	168,000
Receivables (net of allowance for uncollectibles)	34,466	-	34,466
Inventories	1,191	-	1,191
Non-current assets:			
Capital lease receivable	-	2,856,000	2,856,000
Capital assets:			
Capital assets being depreciated	68,894	-	68,894
Less: accumulated depreciation	<u>(68,894)</u>	<u>-</u>	<u>(68,894)</u>
TOTAL ASSETS	<u><u>344,604</u></u>	<u><u>3,332,096</u></u>	<u><u>3,676,700</u></u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension expense	<u>74,353</u>	<u>-</u>	<u>74,353</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>74,353</u></u>	<u><u>-</u></u>	<u><u>74,353</u></u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>418,957</u></u>	<u><u>3,332,096</u></u>	<u><u>3,751,053</u></u>
LIABILITIES			
Accounts payable	5,111	-	5,111
Noncurrent liabilities:			
Due within one year			
Compensated absences payable	3,930	-	3,930
Revenue bonds payable	-	65,772	65,772
Due in more than one year			
Compensated absences payable	3,930	-	3,930
Net pension liability	439,253	-	439,253
Revenue bonds payable	-	1,795,125	1,795,125
TOTAL LIABILITIES	<u><u>452,224</u></u>	<u><u>1,860,897</u></u>	<u><u>2,313,121</u></u>
DEFERRED INFLOWS OF RESOURCES			
Deferred credit for refunding	<u>41,755</u>	<u>1,126,267</u>	<u>1,168,022</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>41,755</u></u>	<u><u>1,126,267</u></u>	<u><u>1,168,022</u></u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u><u>493,979</u></u>	<u><u>2,987,164</u></u>	<u><u>3,481,143</u></u>
NET POSITION			
Restricted for:			
Public health and welfare	20,124	-	20,124
Unrestricted	<u>(95,146)</u>	<u>344,932</u>	<u>249,786</u>
TOTAL NET POSITION	<u><u>\$ (75,022)</u></u>	<u><u>\$ 344,932</u></u>	<u><u>\$ 269,910</u></u>

The accompanying notes are an integral part of this statement.

**PICKENS COUNTY, GEORGIA
 COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2016**

PROGRAM REVENUES.....			NET (EXPENSE) AND CHANGES IN NET POSITION....		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY	TOTAL
COMPONENT UNITS							
GOVERNMENTAL ACTIVITIES							
Health Department	\$ 524,346	\$ 294,241	\$ 317,108	\$ -	\$ 87,003	\$ -	\$ 87,003
Development Authority	59,448	127,500	-	-	-	68,052	68,052
TOTAL COMPONENT UNITS	<u>\$ 583,794</u>	<u>\$ 421,741</u>	<u>\$ 317,108</u>	<u>\$ -</u>	<u>87,003</u>	<u>68,052</u>	<u>155,055</u>
 GENERAL REVENUES							
Unrestricted investment earnings					-	986	986
TOTAL GENERAL REVENUES AND TRANSFERS					<u>-</u>	<u>986</u>	<u>986</u>
CHANGES IN NET POSITION					87,003	69,038	156,041
NET POSITION, Beginning					(162,025)	275,894	113,869
NET POSITION, Ending					<u>\$ (75,022)</u>	<u>\$ 344,932</u>	<u>\$ 269,910</u>

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of PICKENS COUNTY, GEORGIA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

REPORTING ENTITY

The County is a political subdivision of the State of Georgia, located about 60 miles north of Atlanta. The County is governed by three elected Commissioners. In addition, there are four Constitutional Officers; the Tax Commissioner, Probate Court Judge, Sheriff, and Clerk of Superior Court. The Constitutional Officers are elected county wide. The Board of County Commissioners budgets and approves all funding used by the separate Constitutional Officers. As required by generally accepted accounting principles, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable and for which a financial benefit or burden relationship is present. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the County.

Brief descriptions of discretely presented component units follow:

PICKENS COUNTY DEPARTMENT OF PUBLIC HEALTH: The Health Department consists of a seven member board including a County Commissioner, and two members as appointed by the County Board of Commissioners. The County has the authority to modify and approve the Health Department's budget and the ability to approve environmental health services. The Health Department has a June 30 year-end and is presented as a governmental fund type component unit. The Health Department's financial statements can be obtained by writing to the Pickens County Health Department, 60 Health Way, Jasper, Georgia 30143.

INDUSTRIAL DEVELOPMENT AUTHORITY OF PICKENS COUNTY: The Industrial Development Authority is governed by a seven member board, with a voting majority being appointed by the County. The Authority is responsible for promoting industrial and commercial development within Pickens County. Although the County does not have the authority to approve or modify the budget of the Authority, the County does provide financial support. The Authority is reported as a proprietary fund type component unit. Separate financial statements are not prepared for the Authority.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

GOVERNMENT-WIDE AND FUND 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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statement (fiduciary funds use the economic resources measurement focus to indicate that agency funds have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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 County considers property taxes as available if they are collected by the end of the current fiscal year. Other revenues susceptible to accrual are considered available if they are collected within 60 days of the end of the current fiscal period for which they are imposed. 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.

Property taxes, sales tax, franchise taxes, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *SPLOST Capital Projects Fund* accounts for funds received from a local 1% sales tax, passed by the 2014 Special Purpose Local Option Sales Tax referendum, which is reserved for construction of various capital projects.

The County reports the following major proprietary funds:

The *Water Fund* accounts for the development, operation, and maintenance of the utility system that provides water services in Pickens County.

The *Airport Fund* accounts for the development, operation, and maintenance of the County airport and its facilities.

Additionally, the County reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditures for specified purposes.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Capital projects funds account for acquisition and construction of the County's capital assets.

Agency funds are custodial in nature and do not represent 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 the Tax Commissioner, Clerk of Court, Probate Court, Magistrate Court, and Sheriff hold for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used which are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the Water enterprise fund are charges to customers for sales and services. Operating expenses for the Water enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

ASSETS, LIABILITIES AND NET POSITION OR EQUITY

Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value based on quoted market prices as of the balance sheet date. Increases or decreases in fair value during the year are recognized as part of investment income.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

All trade and property tax receivables are shown net of an allowance of uncollectibles.

Property taxes attach as an enforceable lien on property as of January 1. The 2016 taxes were levied October 4, 2016, and were due December 4, 2016. Interest and penalties are assessed on taxes not paid by this date. The taxes are subject to lien 90 days after the due date.

The County’s property taxes were levied on the assessed values of all real and personal property including mobile homes and motor vehicles located in the County.

Inventories and Prepaid Items

Inventories, consisting of expendable supplies, not held for resale are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Bond Premiums and Discounts

Premiums and discounts are deferred and amortized over the lives of the bonds and loans on a straight-line basis, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Restricted Assets

Certain proceeds of the County’s capital leases or debt issues are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable lease or debt agreements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e. roads, bridges, sidewalks, culverts, and similar items) are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of three years or an acquisition of land at any cost. Roads, bridges, and culverts are defined by the County as projects with an individual cost of \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Roads, bridges, and culverts acquired prior to July 1, 1980 have not been reported.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Assets</u>	<u>Years</u>
Buildings	25-50	Vehicles	2-15
Building Improvements	10-25	Infrastructure	10-30
Machinery and Equipment	3-15	Land	N/A
Furniture and Fixtures	5-20	Land improvements	12-15

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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any items that qualify for reporting in this category.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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 and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, unavailable revenue. Unavailable revenue, arises under the modified accrual basis of accounting and accordingly is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes.

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the liability has matured and is expected to be liquidated with expendable and available financial resources.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position.

Fund Equity/Net Position

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

Fund balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Nonspendable - Fund balances are reported as nonspendable when the amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash like inventories and prepaid items) or (b) legally or contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the Board of Commissioners must adopt another resolution.

Assigned - Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners has authorized the County's finance director to assign fund balances.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

Net position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt used for the acquisition, construction, or improvement of those assets. In determining the outstanding balance of any borrowing, proceeds of that debt which has not been spent is deducted. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then committed, assigned, and unassigned (or unrestricted) resources as they are needed.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Net Investment in Capital Assets

The "Net investment in capital assets" reported on the government-wide statement of net position as of December 31, 2016 are as follows:

	Governmental Activities	Business-type Activities
Net investment in capital assets		
Cost of capital assets	\$ 66,313,509	\$ 27,019,692
Less accumulated depreciation	(22,477,617)	(8,409,321)
Book value	43,835,892	18,610,371
Less capital related debt	(1,940,656)	(10,899,269)
Net investment in capital assets	\$ 41,895,236	\$ 7,711,102

Management Estimates

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

NOTE 2 - FUND BALANCE/NET POSITION

The government-wide statement of net position reports \$3,060,636 of restricted net position, of which none is restricted by enabling legislation.

Additional details related to fund balances at the governmental fund level are presented below:

Restricted:

General Fund

Judicial Programs - For unspent funds related to court related programs - juvenile court fund, drug abuse fund, crime victims assistance fund, etc. \$ 126,578

Capital outlay projects - For unspent funds from LMIG grant, capital leases and other debt 125,000

SPLOST Fund

Capital outlay projects - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum. 2,248,432

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Nonmajor Restricted Programs Funds

Judicial Programs -

Law Library - Used to account for surcharges on fines and forfeitures which are for the operation of the County Law Library and other expenditures as restricted by the OCGA-36-15.	44,611
Restricted Programs - Used to account for multiple court administered state reimbursement grants (i.e., adult drug court, mental health court, family drug court, etc.), and CDBG pass through grant funds from Department of Community Affairs.	<u>411,177</u>
Subtotal - Restricted for Judicial Programs	<u><u>455,788</u></u>

Public Safety Programs -

Emergency E911 Telephone Services Fund - For fund to operate the E911 center as restricted by the OCGA-46-5.	67,826
Drug Task Force - To account for funds received to operate multi-jurisdictional drug enforcement agency that actively pursues all levels of illegal drug activity.	63,494
Sheriff's Special Revenue - to account for funds from seizures to be used for law enforcement activities.	<u>69,597</u>
Subtotal - Restricted for Public Safety Programs	<u><u>200,917</u></u>

Housing and Development Programs -

Hotel/Motel Tax Fund - To account for funds received to promote tourism, conventions, and trade shows.	<u>30,499</u>
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Total Restricted Fund Balance	<u><u>\$ 3,187,214</u></u>
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NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The County Commission adopts an annual budget for all governmental fund types, prior to December 31, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by the Board of Commissioners when capital budgets are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted at a public meeting.

Prior to October of each year, each department submits a proposed budget to the Board of Commissioners for review. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of the County in December. These hearings are publicized in the local paper at least one week before the first hearing, and the budget document is made available for public inspection during this week.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Any changes in total departmental expenditures/expenses, personnel benefits, or capital purchases must be approved by the Board of Commissioners or Budget Officer.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department, sub-department, or project level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year end.

NOTE 4 - DEPOSITS AND INVESTMENTS

PRIMARY GOVERNMENT

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned. The County's policies permit it to exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions if the funds are otherwise adequately secured. As of December 31, 2016, all deposits of the County were insured or collateralized.

State statutes require collateral pledged in the amount of 110% of deposits. Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below:

Under the *dedicated method*, a depository shall secure the deposits of each of its public depositors separately.

Under the *pooled method*, a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposits with such depository as set forth in code Section 45-8-13.1.

The County utilized both methods to secure its deposits of public funds.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. 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 statutes authorize the County to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state or of other states and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation of the United States government. The County does not have an investment policy that would further limit these investment choices.

As of December 31, 2016, the Law Library (a Non-Major Governmental Fund) had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
Certificate of Deposit	\$ 22,398	less than 1 year

Concentration of Credit Risk

The County places no limit on the amount it may invest in any one issuer.

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 - RECEIVABLES

Receivables as of year-end for the County's individual major funds and nonmajor governmental funds in the aggregate including the applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>SPLOST</u>	<u>Nonmajor Governmental Funds</u>
Receivables:			
Property Taxes	\$ 1,424,084	\$ -	\$ -
Accounts	1,046,428	-	306,432
Intergovernmental	<u>141,146</u>	<u>405,548</u>	<u>78,533</u>
Total Gross Receivables	2,611,658	405,548	384,965
Less: Allowance for Uncollectibles	<u>(325,005)</u>	<u>-</u>	<u>-</u>
Total Net Receivables	<u>\$ 2,286,653</u>	<u>\$ 405,548</u>	<u>\$ 384,965</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Delinquent property taxes receivable (General Fund)	<u>\$ 834,011</u>	<u>\$ -</u>	<u>\$ 834,011</u>
Total unearned revenue for governmental funds	<u>\$ 834,011</u>	<u>\$ -</u>	<u>\$ 834,011</u>

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Property taxes receivable at December 31, 2016, consist of the following:

Digest Year	General Fund
2016	\$ 1,121,274
2015	103,860
2014	28,465
2013	20,784
2012	21,447
2011	28,141
2010	30,673
2009	69,440
Total	<u>\$ 1,424,084</u>

Receivables as of year-end for the County's enterprise funds, including the applicable allowances for uncollectible accounts are as follows:

	Water Fund	Airport Authority	Total
Receivables:			
Accounts	\$ 234,449	\$ 1,653	\$ 236,102
Total Gross Receivables	234,449	1,653	236,102
Less: Allowance for Uncollectibles	(1,529)	-	(1,529)
Total Net Receivables	<u>\$ 232,920</u>	<u>\$ 1,653</u>	<u>\$ 234,573</u>

Receivables as of year-end for the County's component units, including the applicable allowances for uncollectible accounts are as follows:

	Health Department
Receivables:	
Accounts	\$ 31,123
Intergovernmental	3,343
Total Gross Receivables	34,466
Less: Allowance for Uncollectibles	-
Total Net Receivables	<u>\$ 34,466</u>

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

The lease receivable in the County's component units consisted of the following at December 31, 2016:

Lease receivable made to a local business - North Georgia Financial Holdings, LLC - through the Development Authority of Pickens County. Payments receivable in monthly installments of \$10,500 during fiscal year 2014, \$12,000 during fiscal year 2015, and \$14,000 for all years thereafter, including imputed interest at 5.985%. This lease is secured by the County and matures on December 1, 2034.	\$ 3,024,000
Less: Current portion	<u>(168,000)</u>
Long-term portion	<u>\$ 2,856,000</u>

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

At December 31, 2016, scheduled maturities of the lease receivable were the following:

2017	\$	168,000
2018		168,000
2019		168,000
2020		168,000
2021		168,000
2022 - 2026		840,000
2027 - 2031		840,000
2032 - 2034		504,000
Total maturities of lease receivable		3,024,000
Less interest		(1,175,419)
Total net book value of lease receivable	\$	1,848,581

NOTE 6 - CAPITAL ASSETS

PRIMARY GOVERNMENT

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

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental Activities:					
Non-Depreciable Assets:					
Land and improvements	\$ 4,244,996	\$ -	\$ -	\$ -	\$ 4,244,996
Construction in progress	-	9,606	-	-	9,606
Total non-depreciable capital assets	4,244,996	9,606	-	-	4,254,602
Depreciable Assets:					
Land improvements	1,013,402	-	-	-	1,013,402
Buildings and improvements	37,429,670	-	-	-	37,429,670
Machinery and equipment	6,887,741	451,245	(17,653)	-	7,321,333
Vehicles	7,808,903	408,257	(111,147)	-	8,106,013
Infrastructure	8,188,489	-	-	-	8,188,489
Total depreciable capital assets	61,328,205	859,502	(128,800)	-	62,058,907
Less Accumulated Depreciation for:					
Land improvements	508,071	31,910	-	-	539,981
Buildings and improvements	5,896,031	805,069	-	-	6,701,100
Machinery and equipment	4,393,994	471,416	(17,653)	-	4,847,757
Vehicles	6,616,900	366,902	(84,214)	-	6,899,588
Infrastructure	3,068,672	420,519	-	-	3,489,191
Total accumulated depreciation	20,483,668	2,095,816	(101,867)	-	22,477,617
Total depreciable capital assets, net	40,844,537	(1,236,314)	(26,933)	-	39,581,290
Governmental activities capital assets, net	\$ 45,089,533	\$ (1,226,708)	\$ (26,933)	\$ -	\$ 43,835,892

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Additions to governmental activities capital assets for the fiscal year ending December 31, 2016, consist of the following:

Capital Outlay		\$	<u>869,109</u>
Total		\$	<u><u>869,109</u></u>
Non-depreciable capital assets additions		\$	9,606
Depreciable capital assets additions			859,502
Rounding			<u>1</u>
Total		\$	<u><u>869,109</u></u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government		\$	547,625
Judicial			680,809
Public Safety			2,409
Public Works			662,097
Public Health and Welfare			19,288
Recreation and Culture			106,259
Housing and Development			<u>77,329</u>
Total depreciation expense-governmental activities		\$	<u><u>2,095,816</u></u>

The County has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2016, and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Contracts in Progress</u>	<u>Authorized Not Obligated</u>	<u>Sources</u>
Governmental Activities:					
Rural Transit Shuttle Bus	\$ 96,057	\$ 9,606	\$ 86,451	\$ -	GA DOT Grant
Total Governmental Activities	<u>\$ 96,057</u>	<u>\$ 9,606</u>	<u>\$ 86,451</u>	<u>\$ -</u>	

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

BUSINESS TYPE ACTIVITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type Activities:					
Non-Depreciable Assets:					
Land and improvements	\$ 1,690,594	\$ -	\$ -	\$ -	\$ 1,690,594
Construction in progress	<u>5,876,196</u>	<u>130,070</u>	<u>(7,464)</u>	<u>-</u>	<u>5,998,802</u>
Total non-depreciable capital assets	<u>7,566,790</u>	<u>130,070</u>	<u>(7,464)</u>	<u>-</u>	<u>7,689,396</u>
Depreciable Assets:					
Land improvements	796,797	68,283	-	-	865,080
Infrastructure	16,378,051	22,633	-	-	16,400,684
Buildings and improvements	641,509	-	-	-	641,509
Machinery and Furniture	990,214	82,414	-	-	1,072,627
Vehicles	<u>350,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,396</u>
Total depreciable capital assets	<u>19,156,967</u>	<u>173,330</u>	<u>-</u>	<u>-</u>	<u>19,330,296</u>
Less Accumulated Depreciation for:					
Land improvements	324,244	49,931	-	-	-
Infrastructure	6,250,285	544,729	-	-	6,795,014
Buildings & Improvements	342,241	26,313	-	-	742,729
Machinery & Furniture	575,936	55,780	-	-	631,715
Vehicles	<u>204,369</u>	<u>35,494</u>	<u>-</u>	<u>-</u>	<u>239,863</u>
Total accumulated depreciation	<u>7,697,075</u>	<u>712,247</u>	<u>-</u>	<u>-</u>	<u>8,409,321</u>
Total depreciable capital assets, net	<u>11,459,892</u>	<u>(538,917)</u>	<u>-</u>	<u>-</u>	<u>10,920,975</u>
Business-type activities capital assets, net	<u>\$19,026,682</u>	<u>\$ (408,847)</u>	<u>\$ (7,464)</u>	<u>\$ -</u>	<u>\$18,610,371</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type Activities:	
Water	\$ 621,429
Airport	<u>90,818</u>
Total depreciation expense-business type activities	<u>\$ 712,247</u>

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

The business-type activity funds have authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2016, and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Contracts in Progress</u>	<u>Authorized Not Obligated</u>	<u>Sources</u>
Business Type Activities:					
Airport Improvements	5,923,726	5,923,727	-	-	FAA Grant/ DA Bonds
Airport Layout Plans	78,594	75,075	-	3,519	FAA Grant/State Grant
Total Business Type Activities	<u>\$ 6,002,320</u>	<u>\$ 5,998,802</u>	<u>\$ -</u>	<u>\$ 3,519</u>	

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the *Health Department* for the year ended December 31, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Depreciable Assets:				
Site Improvements	\$ 11,725	\$ -	\$ -	\$ 11,725
Machinery and Equipment	26,128	-	-	26,128
Furniture & Fixtures	11,030	-	-	11,030
Vehicles	20,011	-	-	20,011
Total depreciable capital assets	<u>68,894</u>	<u>-</u>	<u>-</u>	<u>68,894</u>
Less Accumulated Depreciation for:				
Site Improvements	11,725	-	-	11,725
Machinery and Equipment	26,128	-	-	26,128
Furniture and Fixtures	11,030	-	-	11,030
Vehicles	20,011	-	-	20,011
Total accumulated depreciation	<u>68,894</u>	<u>-</u>	<u>-</u>	<u>68,894</u>
Capital Assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7 - LONG TERM DEBT

Long-term liability activity for the year ended December 31, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Governmental Activities:						
Notes Payable	\$ 1,252,352	\$ -	\$ (392,260)	\$ 860,092	\$ 405,492	\$ 454,600
Capital leases	892,509	571,056	(383,001)	1,080,564	470,010	610,554
Net OPEB obligation	1,701,073	-	-	1,701,073	-	1,701,073
Net pension liability	2,670,675	565,426	(18,099)	3,218,002	-	3,218,002
Landfill postclosure	292,695	-	(47,962)	244,733	15,000	229,733
Compensated absences	216,814	149,906	(151,770)	214,950	150,465	64,485
Governmental activities long-term liabilities	<u>\$ 7,026,118</u>	<u>\$ 1,286,388</u>	<u>\$ (993,092)</u>	<u>\$ 7,319,414</u>	<u>\$ 1,040,967</u>	<u>\$ 6,278,447</u>
Business-type Activities:						
Bonds payable	\$ 11,776,713	\$ -	\$ (958,440)	\$ 10,818,273	\$ 483,000	\$ 10,335,273
Capital Leases	148,340	-	(67,345)	80,995	42,133	38,862
Compensated absences	7,357	3,721	(5,149)	5,929	4,150	1,779
Business-type activities long-term liabilities	<u>\$ 11,932,410</u>	<u>\$ 3,721</u>	<u>\$ (1,030,934)</u>	<u>\$ 10,905,197</u>	<u>\$ 529,283</u>	<u>\$ 10,375,914</u>

GOVERNMENTAL ACTIVITIES

Notes Payable

The County has entered into an agreement with a financial institution to finance the purchase of buildings and equipment in regards to the Community Center in the original amount of \$3,000,000 with an outstanding balance of \$860,092. This note has annual payments ranging from \$392,093 to \$427,738, with an interest rate of 3.00% and matures in 2019.

The annual requirements to amortize notes payable outstanding as of December 31, 2016, are as follows:

December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 405,492	\$ 22,246	\$ 427,738
2018	419,057	8,680	427,737
2019	35,543	99	35,642
Total	<u>\$ 860,092</u>	<u>\$ 31,025</u>	<u>\$ 891,117</u>

Capital Leases

The County has entered into an agreement for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Accounting Standards Codification 840 Leases, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. This year, \$269,543 was included in depreciation expense. The balance of these leases at December 31, 2016 is \$1,080,564 for governmental activities.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

The County leases certain equipment under non-cancelable capital leases. The leases relate to equipment and vehicles for EMS, fire, and road. Ownership of the related assets will be transferred to the County at the end of the lease terms. The assets acquired through capital leases are as follows:

	Governmental Activities
Machinery and equipment	\$ 332,328
Vehicles	1,482,738
Less: Accumulated Depreciation	(550,881)
Total	\$ 1,264,185

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016, were as follows:

Year Ending December 31,	Governmental Activities
2017	\$ 489,750
2018	336,729
2019	177,504
2020	111,518
Total minimum lease payments	1,115,501
Less: amount representing interest (1.93% - 4.84%)	(34,937)
Present value of minimum lease payments	\$ 1,080,564

BUSINESS-TYPE ACTIVITIES

Bonds Payable

During 2015, the County issued \$8,090,000 of revenue bonds (2015 Refunding Series) for a full refunding of the Authority's Series 1995A, 1995B, and 2005 revenue bonds, which had been issued for the acquisition and construction of waterline infrastructure. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of \$3,599,055. Bond payments are due in semi-annual installments ranging from \$184,944 to \$324,772, with interest at 2.35%. As of December 31, 2016, the outstanding balance is \$7,248,000. This bond will mature in December 2029.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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The County entered into an agreement with the Development Authority to issue bonds to finance the construction of an airport taxiway in the amount of \$3,966,969. During 2014, the agreement was modified due to additional project costs. As of December 31, 2016, the bonds had an outstanding balance of \$3,570,273, with an interest rate of 3.25%. The bonds mature in 2019.

The annual requirements to amortize bonds payable outstanding as of December 31, 2016, are as follows:

December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 483,000	\$ 262,976	\$ 745,976
2018	495,000	298,898	793,898
2019	4,075,273	275,469	4,350,742
2020	517,000	132,458	649,458
2021	530,000	120,238	650,238
2022-2026	2,845,000	407,162	3,252,162
2026-2029	1,873,000	77,773	1,950,773
Total	<u>\$ 10,818,273</u>	<u>\$ 1,574,974</u>	<u>\$ 12,393,247</u>

Capital Leases

The County has entered into an agreement for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Accounting Standards Codification 840 Leases, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. This year, \$24,913 was included in depreciation expense. The balance of these leases at December 31, 2016 is \$80,995 for business-type activities.

The County leases certain equipment under non-cancelable capital leases. The leases relate to equipment for water operations. Ownership of the related assets will be transferred to the County at the end of the lease terms. The assets acquired through capital leases are as follows:

	<u>Business-type Activities</u>
Machinery and equipment	\$ 211,948
Less: Accumulated Depreciation	<u>(54,495)</u>
Total	<u>\$ 157,453</u>

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016, were as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2017	\$ 42,854
2018	31,262
2019	<u>7,676</u>
Total minimum lease payments	81,792
Less: amount representing interest (1.93% - 4.84%)	<u>(797)</u>
Present value of minimum lease payments	<u><u>\$ 80,995</u></u>

DISCRETELY PRESENTED COMPONENT UNITS

Long-term debt activity for the *Health Department* for the year ended December 31, 2016, was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Compensated absences	\$ 29,739	\$ 13,518	\$ (35,397)	\$ 7,860	\$ 3,930	\$ 3,930
Net Pension Liability	<u>374,124</u>	<u>65,129</u>	<u>-</u>	<u>439,253</u>	<u>-</u>	<u>439,253</u>
Total long-term Liabilities	<u><u>\$ 403,863</u></u>	<u><u>\$ 78,647</u></u>	<u><u>\$ (35,397)</u></u>	<u><u>\$ 447,113</u></u>	<u><u>\$ 3,930</u></u>	<u><u>\$ 443,183</u></u>

Long-term debt activity for the *Industrial Development Authority* for the year ended December 31, 2016, was as follows:

Business-type Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Bonds payable	<u>\$ 1,923,469</u>	<u>\$ -</u>	<u>\$ (62,572)</u>	<u>\$ 1,860,897</u>	<u>\$ 65,772</u>	<u>\$ 1,795,125</u>
Total long-term liabilities	<u><u>\$ 1,923,469</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (62,572)</u></u>	<u><u>\$ 1,860,897</u></u>	<u><u>\$ 65,772</u></u>	<u><u>\$ 1,795,125</u></u>

During 2015, the Development Authority issued \$1,960,000 of revenue bonds (2015 Series) for a full refunding of the loan agreement with Restaurant Interiors to finance the purchase of an industrial building in the original amount of \$1,249,206. The refunding was undertaken to reduce total future debt service payments. Bond payments are due in monthly installments with annual principal amounts ranging from \$60,447 to \$143,831 with a variable interest rate. The interest rate at December 31, 2016 is 2.45%. As of December 31, 2016, the outstanding balance is \$1,860,897. This bond will mature in May 2035.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

The annual requirements to amortize long-term debt as of December 31, 2016, are as follows:

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 65,771	\$ 45,592	\$ 111,363
2018	68,871	43,981	112,852
2019	72,116	42,293	114,409
2020	75,299	40,526	115,825
2021	79,062	38,682	117,744
2022-2026	454,638	162,470	617,108
2027-2031	572,382	104,966	677,348
2032-2035	<u>472,758</u>	<u>26,438</u>	<u>499,196</u>
Total	<u>\$ 1,860,897</u>	<u>\$ 504,948</u>	<u>\$ 2,365,845</u>

NOTE 8 - INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of December 31, 2016, is as follows:

Due To	<u>Due From</u>				Total Due from Other Funds
	General Fund	Other Nonmajor Governmental Funds	Water Fund	Airport Authority	
General Fund	\$ -	\$ 210,655	\$ 2,261,616	\$ 649,097	\$ 3,121,368
Nonmajor Governmental Funds	312,705	-	-	-	312,705
Water Fund	<u>111,228</u>	<u>-</u>	<u>-</u>	<u>1,044</u>	<u>112,272</u>
Total Due to Other Funds	<u>\$ 423,933</u>	<u>\$ 210,655</u>	<u>\$ 2,261,616</u>	<u>\$ 650,141</u>	<u>\$ 3,546,345</u>

These balances resulted from 1) the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, 2) the time lag between the dates that transactions are recorded in the accounting system, 3) the time lag between the dates that payments between funds are made, 4) short-term loans, and 5) to fund capital projects.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Interfund transfers as of the year ended December 31, 2016, are as follows:

<u>Transfers Out</u>	<u>Transfers in</u>	
	<u>Other Nonmajor Governmental Funds</u>	<u>Total Transfers Out</u>
General Fund	\$ 560,492	\$ 560,492
Nonmajor Governmental Funds	44,626	44,626
Total - Transfers in	<u>\$ 605,118</u>	<u>\$ 605,118</u>

Transfers are used to 1) supplement operating budgets, 2) help fund construction projects and debt service, 3) reimburse unrestricted revenue, 4) reimburse pension costs, and 5) move the County's matching portion on federal and state grants.

NOTE 9 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

Plan Description

The County contributes to the Association of County Commissioners of Georgia (ACCG) Defined Benefit Plan (the "Plan"), which is a defined benefit pension plan.

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 Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan Document. 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 Pension Service Company, 1100 Circle 75 Parkway, Suite 320, Atlanta, Georgia 30339.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

All full-time employees are eligible to participate in the Plan after completing three years of service. Benefits vest after five years of service. Participants become eligible to retire with unreduced benefits at age 65 with three years of plan participation. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1% of annual average compensation plus \$36 for each year of service payable as a life annuity. Compensation is averaged over a five year period prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Commission.

Participant counts as of December 31, 2015, (the most recent actuarial valuation date) and covered compensation (base on covered earnings for the preceding year) are shown below:

Retirees, beneficiaries and disabled participants receiving benefits	48
Terminated plan participants entitled to but not yet receiving benefits	99
Active employees participating in the Plan	169
Total number of Plan participants	316
Covered compensation for active participants	\$ 6,261,763
Contributions as a percentage of covered payroll	9.21%

Contributions

The County is required to contribute at an actuarially determined rate. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia Statutes. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans.

Net Pension Liability

The County's 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 that date.

The total pension liability as of the December 31, 2015 valuation was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary Increases	4.0% - 6.5%, average, including inflation

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Investment rate of return 7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females.

The actuarial assumptions used in the 2015 valuation were based on the results of an actuarial experience study for the period January 1, 1988 - December 31, 2014.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.22%
Domestic large equities	30.00	2.34
Domestic mid equities	5.00	1.43
Domestic small equities	5.00	0.27
REIT	5.00	0.57
International	15.00	0.47
Multi cap	5.00	0.53
Global allocation	5.00	0.66
TOTAL	100.00%	

* Rates shown are net of the 3.50% assumed rate of inflation

The discount rate used to measure the total pension liability was 7.50%. There was no change in the discount rate since the prior measurement period date. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Change in the Net Pension Liability

	Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	\$ 7,859,991	\$ 5,189,316	\$ 2,670,675
Changes for the year:			
Service cost	253,346	-	253,346
Interest	578,687	-	578,687
Difference between expected and actual experience	(79,204)	-	(79,204)
Assumption Change	312,106	-	312,106
Contribution-employer	-	576,852	(576,852)
Net investment income	-	27,148	(27,148)
Benefit payments	(288,319)	(288,319)	-
Administrative expense	-	(32,894)	32,894
Other charges	-	(53,498)	53,498
Net changes	<u>776,616</u>	<u>229,289</u>	<u>547,327</u>
Balances at December 31, 2015	<u>\$ 8,636,607</u>	<u>\$ 5,418,605</u>	<u>\$ 3,218,002</u>

For the year ended December 31, 2016, the County recognized pension expense of \$625,118. The required contribution for the year ended December 31, 2016 was \$556,622.

The following presents the County's net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1 % Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's net pension liability	<u>\$ 4,520,557</u>	<u>\$ 3,218,002</u>	<u>\$ 2,147,813</u>

OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Pickens County Retiree Insurance Program (the "OPEB Plan") is a single-employer defined benefit post-employment health care plan. Participant counts as of January 1, 2016, the most recent valuation date, are shown below. The Board of Commissioners have the authority under which the obligations of the plan members and the employer are established or may be amended. The OPEB Plan does not issue a stand-alone financial report.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Eligible retirees must be a minimum of age 55 with 15 or more years of consecutive full-time service, and must have been hired before January 1, 2002, in order to receive benefits.

The County's covered payroll for employees participating in the OPEB Plan as of January 1, 2016 was \$1,761,075 (based on covered earnings for the preceding year).

Funding Policy

Eligible retirees and former employees are offered the same health coverage as active employees. Retirees contribute an average of \$533 per month towards the actuarially calculated monthly rates. The County contributes the remainder of the rates. The OPEB Plan is funded on a pay-as-you-go basis.

Annual OPEB Cost

The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) by the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize and unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend, from time to time, the contribution rates for the employer and its plan members.

The County did not make any contributions to the OPEB Plan for the years ended December 31, 2016, 2015, and 2014, which is less than the required contribution for each year.

Schedule I included in the required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. The data for the most current valuation report are as follows:

<u>Actuarial Date of January 1,</u>	<u>Actuarial Value of Assets</u> (a)	<u>Actuarial Accrued Liability (AAL) - Projected Unit Credit</u> (b)	<u>Unfunded AAL (UAAL)</u> (b-a)	<u>Funded Ratio</u> (a/b)	<u>Covered Payroll</u> (c)	<u>UAAL as a Percent of Covered Payroll</u> [(b-a)/c]
2016	\$ -	\$885,748	\$ 885,748	-%	\$ 1,761,075	50.3 %

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

The annual required contribution and percentage contributed for the current year and prior years are as follows:

<u>Fiscal Year</u> <u>December 31,</u>	<u>Annual OPEB</u> <u>Cost (AOC)</u>	<u>Actual County</u> <u>Contribution</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2016	\$ 103,738	\$ -	- %	\$ 1,701,073
2015	\$ 108,193	\$ -	- %	\$ 1,597,335
2014	\$ 352,717	\$ 5,157	1.5 %	\$ 1,489,142

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. The Plan is updated every other year to agree to the actuarial report released biennially. Calculations are based on the substantive plan in effect as of December 31, 2015. The assumptions used in the January 1, 2016 actuarial valuations are as follows:

Valuation date	January 1, 2016
Actuarial Cost method	Projected Unit Credit
Asset Valuation method	Market Value
Amortization method	Level Percent of Pay (Open)
Remaining amortization period	30 years
(This represents the estimated amortization period for all unfunded liabilities combined into one amortization base.)	
Actuarial assumptions:	
Assumed rate of return on assets	4.00% per annum
Medical Cost Rate	7.50% per annum
Ultimate Cost Rate	5.00% per annum
Year of Ultimate Trend Rate	2018
Inflation	3.0%

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

The County's annual pension cost and net pension obligation for the OPEB Plan for the current year were determined as follows:

Annual required contribution	\$ 128,666
Interest on net OPEB obligation	63,893
Amortization of net OPEB obligation	<u>(88,821)</u>
Annual OPEB cost	103,738
Contribution made	<u>-</u>
Increase (decrease) in Net OPEB Obligation	103,738
Net OPEB obligation, beginning of Plan year	<u>1,597,335</u>
Net OPEB obligation, end of Plan year	<u>\$ 1,701,073</u>

NOTE 10 - CONTINGENT LIABILITIES AND COMMITMENTS

The County's encumbrances outstanding at the end of the fiscal year that will be honored in the next fiscal year are not significant for any of the major funds nor for the nonmajor funds in total.

Amounts received or receivable for grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The County is a defendant in several lawsuits. Management intends to contest these open cases vigorously. The County's legal counsel has stated that the outcome of these lawsuits is not presently determinable.

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following are ways the County handles these risks:

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

WORKERS' COMPENSATION

The County participates in the Association County Commissioners of Georgia (ACCG) Group Self Insurance Workers' Compensation Fund (GSIWCF), a self-insured pool cooperative arrangement among its members to finance workers' compensation coverage. The fund is owned by its members and is managed by a seven member Board of Trustees who are representatives from participating counties. The ACCG-GSIWCF operates under the authority of O.C.G.A. 34-9-150 et seq. and the Georgia Insurance Commissioner's Office. The members of ACCG-Group Self Insurance Workers' Compensation Fund are assessable if the losses that ACCG must pay exceed the assets of the pool. At December 31, 2016, there was no need for such an assessment. Therefore, no liability has been recorded in these financial statements.

OTHER

The County participates in the Association County Commissioners of Georgia Interlocal Risk Management Agency (IRMA), a risk sharing arrangement among Georgia County Governments. The fund exists by authority of O.C.G.A. 36-85-1 et seq. Premium liabilities are based on the estimated ultimate cost of settling the claims, including effects of inflation and other society and economic factors. The IRMA Limits of Liability shall not be charged with the first \$2,500 of any loss. IRMA pays losses up to \$100,000 per individual claim or \$5,000,000 for all claims. However, excess losses, if any, are covered by reinsurance and would be paid by the reinsurer.

The members of IRMA are assessable if the losses that IRMA must pay exceed the assets of the pool. As of December 31, 2016, there was no need for such an assessment. Therefore, no liability has been recorded in these financial statements.

As part of these risk pools (IRMA & GSIWCF), the County is obligated to pay all contributions and assessments to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds and to report as promptly as possible, in accordance with any coverage descriptions issued, all incidents that could require the funds to pay any type of loss. The County is also to allow all the pools' agents and attorneys to represent the County in investigations, settlement discussions, and all levels of litigation arising out of any claim made against the County.

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 worker's compensation law of Georgia. The funds are to pay all cost 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.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

The County also purchases combined automobile, crime, liability, and property insurance coverage from OneBeacon Government Risks. The following is a summary of coverage at December 31, 2016:

Property Losses	\$ 2,193,307	aggregate
Comprehensive General Liability	\$ 1,000,000	per occurrence
	\$ 3,000,000	aggregate
Automobile Liability	\$ 2,000,000	per occurrence
Law Enforcement Liability	\$ 1,000,000	per occurrence
	\$ 3,000,000	aggregate
Excess Liability	\$ 1,000,000	per occurrence
Crime Coverage (theft/fraud)	\$ 200,000	aggregate

The County has no outstanding claims in excess of coverage for which a liability should be recorded as of December 31, 2016.

Settled claims in the past three years have not exceeded the coverage.

NOTE 12 - JOINT VENTURE

On January 4, 1995, Pickens County entered into an agreement with Bartow County, Georgia, establishing a Joint Development Authority. The County Commissioner of Pickens County and the County Commissioner of Bartow County signed an agreement whereby the Joint Development Authority of Bartow County and Pickens County was established for the promotion of business development in each county as well as expanding industry, trade and employment opportunities for the citizens of Bartow and Pickens Counties. The Board of Directors of the Joint Development Authority consists of seven members. Three members of the Board are appointed by Bartow County and four members are appointed by Pickens County. As of December 31, 2016, the Joint Development Authority owned no assets and had no liabilities. Also, there have been no financial transactions conducted by the Joint Development Authority in 2016. As a result, no balance sheet or income statement is presented in the audited financial statements of Pickens County at December 31, 2016.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 13 - NORTHWEST GEORGIA REGIONAL COMMISSION

Under Georgia Law, the County, in conjunction with other cities and counties in the northwest Georgia area, is a member of the Northwest Georgia Regional Commission (NWGRC) and is required to pay annual dues thereto. During the year ended December 31, 2016, the County paid \$25,966 in such dues. Membership in the NWGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Regional Commission in Georgia. The NWGRC Board membership includes the chief elected official in each county and municipality of the area. The County Board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the nonpublic Board member from a County.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines regional commissions as “public agencies and instrumentalities of their members.” Georgia laws also provide that the member governments are liable for any debts or obligations of a regional commission beyond its resources. (O.C.G.A. 50-8-39.1)

Separate financial statements for the NWGRC can be obtained from NWGRC, P.O. Box 1798, Rome, Georgia 30162.

NOTE 14 - NORTHWEST GEORGIA REGIONAL WATER RESOURCES PARTNERSHIP

The County is a member of the Northwest Georgia Regional Water Resources Partnership. This organization is made up of water withdrawal permit holders, local governments, and other advocacy entities with an interest in water issues. The purpose of the Partnership is a regional organization of water related interest in Northwest Georgia for monitoring and contributing to the development of federal, state, and local policy; educating the citizens on water related issues; funding and managing regional water-related activities; and coordinating the activities for federal, state, and local entities. The County paid annual dues in the amount of \$680 for the year ended December 31, 2016.

Separate financial statements can be obtained from Northwest Georgia Regional Water Resources Partnership, P.O. Box 1793, Rome, Georgia 30162.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 15 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County recognizes a portion of the closure and postclosure care costs in each operating period even though actual payouts will not occur until the landfill is closed. The amount recognized each year is based on the landfill capacity used as of the balance sheet date.

As of December 31, 2016, the County has recorded a liability for its solid waste landfill of \$244,733, which represents the estimated closure and postclosure costs based on 100% of landfill capacity used to date. All estimated liability for these costs has been recognized since the landfill is no longer used.

These amounts are based on what it would cost to perform all closure and postclosure care in 2016. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is also required to demonstrate financial assurance that the closure and postclosure care cost can be paid in the future. The County is in compliance at December 31, 2016, based on requirements issued by the EPA.

NOTE 16 - SIGNIFICANT ESTIMATES

As discussed in Note 1, estimates are used in the preparation of these financial statements. Three of the estimates qualify as significant estimates in that it is reasonably possible that the estimates will change in the near term due to one or more future confirming events and this change will have a material effect on the financial statements.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

These estimates are as follows:

The liability for landfill closure and postclosure care cost is based on estimates provided by the County’s engineering consultants and reduced each year by expenses related to the closure and postclosure of the landfill. These estimates are based on what it would cost to perform closure and postclosure care currently. Actual costs may change due to higher inflation, changes in technology, or changes in regulations.

The estimate for accumulated depreciation on capital assets. This estimate is based on the original or estimated cost of the assets, depreciated over the estimated useful lives using the straight line method and composite method.

The estimate for allowance for doubtful accounts relating to Pickens County EMS accounts receivable qualifies as a significant estimate. The estimate is calculated based on the previous year's collection percentage of accounts greater than one year old.

NOTE 17 - HOTEL/MOTEL TAX

During the year ended December 31, 2016, the County had receipts of \$32,149 and spent \$21,135 to promote tourism, conventions, and trade shows. The total expenditures represent 66% of the tax receipts to be expended for these purposes under OCGA 48-13-51. The County has complied with the requirements of this law.

NOTE 18 - PRIOR PERIOD ADJUSTMENTS

As of January 1, 2016, the County restated its financial statements for the year ended December 31, 2015. The restatement did not effect the entity-wide net position in Governmental Activities.

The restatement was a result of the following:

Governmental Funds

General Fund

To remove interfund activity from previous years.	\$ <u>122,035</u>
Net increase in General Fund Balance	<u>122,035</u>

Drug Task Force Fund (Non Major)

To remove interfund activity from previous years.	(93,950)
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Restricted Program Fund (Non Major)

To remove interfund activity from previous years.	<u>(28,085)</u>
Net decrease in Non Major Fund balance	<u>(122,035)</u>

Net increase in Governmental Fund balance	<u><u>\$ -</u></u>
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PICKENS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY -
ACCG DEFINED BENEFIT PLAN
For the Year Ended December 31, 2016
"Unaudited"

<u>For the Year Ended December 31,</u>	<u>2016</u>	<u>2015</u>
Net pension liability	\$ 3,218,002	\$ 2,670,675
Covered-employee payroll	\$ 6,261,763	\$ 6,455,121
Net pension liability as a percentage of its covered-employee payroll	51.39%	41.37%
Plan fiduciary net position as a percentage of the total pension liability	62.70%	66.00%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

PICKENS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
ACCG DEFINED BENEFIT PLAN
For the Year Ended December 31, 2016
"Unaudited"

<u>For the Year Ended December 31,</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 556,622	\$ 565,792	\$ 547,417	\$ 519,277	\$ 481,354	\$ 479,261	\$ 396,496
Contributions in relation to the contractually required contribution	576,852	604,422	551,249	519,277	481,354	447,823	164,546
Contribution deficiency (excess)	<u>\$ (20,230)</u>	<u>\$ (38,630)</u>	<u>\$ (3,832)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,438</u>	<u>\$ 231,950</u>
County's covered-employee payroll	\$6,261,763	\$6,455,121	\$7,234,670	\$7,126,832	\$6,713,647	\$6,852,406	\$ 5,521,511
Contributions as a percentage of covered-employee payroll	9.21%	9.36%	7.62%	7.29%	7.17%	6.54%	2.98%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available, data from 7 previous years presented.

PICKENS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
ACCG DEFINED BENEFIT PLAN
For the Year Ended December 31, 2016
"Unaudited"

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which donations are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended December 31, 2016 reported in that schedule:

Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, open
Remaining Amortization period	30 years
Asset Valuation method	Five-year smoothed market
Inflation Rate	3.50%
Salary Increases	4.0% - 6.5%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

PICKENS COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POST EMPLOYMENT BENEFITS FUNDING PROGRESS
For the Year Ended December 31, 2016
"Unaudited"

Actuarial Valuation Date (1/1)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll (prior year)	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2010	\$ -	\$ 1,444,428	0.00 %	\$ 1,444,428	\$ 9,242,485	15.63 %
2012	\$ -	\$ 2,073,395	0.00 %	\$ 2,073,395	\$ 8,530,847	24.30 %
2014	\$ -	\$ 1,186,148	0.00 %	\$ 1,186,148	\$ 1,877,477	63.18 %
2016	\$ -	\$ 885,748	0.00 %	\$ 885,748	\$ 1,761,075	50.30 %

2010 was the first year that this plan was effective.

PICKENS COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2016
(Required Supplementary Information)

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 6,583,075	\$ 6,583,075	\$ 6,583,075	\$ -
RESOURCES (INFLOWS)				
Taxes	16,213,385	16,213,385	16,760,177	546,792
Licenses and permits	294,200	294,200	347,577	53,377
Intergovernmental	1,872,801	1,872,801	1,823,995	(48,806)
Fines and forfeitures	329,500	329,500	353,968	24,468
Charges for services	3,651,000	3,651,000	3,789,336	138,336
Contributions and donations	-	-	26,270	26,270
Investment income	10,100	10,100	17,274	7,174
Miscellaneous	33,857	33,857	112,623	78,766
Sale of county property	-	-	51,305	51,305
Capital lease proceeds	790,000	790,000	271,056	(518,944)
Transfers in	629,800	-	-	-
Total Resources (Inflows)	<u>23,824,643</u>	<u>23,194,843</u>	<u>23,553,581</u>	<u>358,738</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>30,407,718</u>	<u>29,777,918</u>	<u>30,136,656</u>	<u>358,738</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Board of commissioners	156,391	143,891	143,371	520
General administration	585,130	606,130	605,982	148
County clerk	136,294	136,294	134,035	2,259
Elections	337,269	292,769	292,373	396
Finance	330,364	330,364	326,630	3,734
Law	130,000	270,500	270,225	275
Human resources	71,408	71,408	71,556	(148)
Tax commissioner	525,181	513,181	513,079	102
Tax assessor	498,448	466,648	467,751	(1,103)
Buildings	358,496	491,496	491,197	299
Agencies	30,300	30,300	25,966	4,334
Board of equalization	7,174	8,474	8,460	14
Total General Government	<u>3,166,455</u>	<u>3,361,455</u>	<u>3,350,625</u>	<u>10,830</u>
Judicial				
Judicial Administration	342,552	360,552	360,124	428
Superior court	224,346	224,346	226,319	(1,973)
Clerk of Superior court	534,570	534,570	526,615	7,955
District attorney	499,351	499,351	496,618	2,733
Magistrate court	390,162	390,162	390,237	(75)
Probate court	339,494	390,994	390,097	897
Juvenile court	396,357	287,857	287,097	760
Public defender	643,756	620,756	595,571	25,185
Total Judicial	<u>3,370,588</u>	<u>3,308,588</u>	<u>3,272,678</u>	<u>35,910</u>
Public Safety				
Sheriff	3,327,913	3,297,913	3,239,098	58,815
Jail operation	2,165,154	2,465,154	2,463,927	1,227
Court services	231,102	194,102	127,125	66,977
Fire	4,377,625	4,077,625	4,068,842	8,783
Coroner/Medical Examiner	53,384	57,384	57,300	84
E-911/Communications center	1,429,615	-	-	-
School resource officers	251,137	281,137	280,019	1,118
Emergency Management Agency	53,614	90,614	90,014	600
Animal control	219,394	215,394	204,035	11,359
Total Public Safety	<u>12,108,938</u>	<u>10,679,323</u>	<u>10,530,360</u>	<u>148,963</u>

PICKENS COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2016
(Required Supplementary Information)

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
CONTINUED.....				
Public Works				
Roadways and walkways	2,141,315	2,008,315	1,945,611	62,704
Solid waste and recycling	527,596	527,596	458,172	69,424
Maintenance and shop	<u>128,250</u>	<u>128,250</u>	<u>114,275</u>	<u>13,975</u>
Total Public Works	<u>2,797,161</u>	<u>2,664,161</u>	<u>2,518,058</u>	<u>146,103</u>
Public Health and Welfare				
Health department	2,750	2,750	1,193	1,557
Public health and welfare	119,024	114,024	97,869	16,155
Senior citizens center	22,781	27,781	27,129	652
Community Center	427,738	427,738	427,046	692
Transportation services	<u>217,958</u>	<u>217,958</u>	<u>173,086</u>	<u>44,872</u>
Total Public Health and Welfare	<u>790,251</u>	<u>790,251</u>	<u>726,323</u>	<u>63,928</u>
Recreation and Culture				
Parks and recreation	633,865	633,865	624,541	9,324
Library	<u>295,135</u>	<u>295,135</u>	<u>294,616</u>	<u>519</u>
Total Recreation and Culture	<u>929,000</u>	<u>929,000</u>	<u>919,157</u>	<u>9,843</u>
Housing and development				
Extention office	61,082	61,082	50,080	11,002
Building inspection	105,213	105,213	100,078	5,135
Planning and zoning	290,000	290,000	278,562	11,438
County marshall	94,682	94,682	76,367	18,315
Economic development	<u>56,273</u>	<u>56,273</u>	<u>56,268</u>	<u>5</u>
Total Housing and Development	<u>607,250</u>	<u>607,250</u>	<u>561,355</u>	<u>45,895</u>
Transfers out	<u>55,000</u>	<u>854,815</u>	<u>560,492</u>	<u>294,323</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>23,824,643</u>	<u>23,194,843</u>	<u>22,439,048</u>	<u>755,795</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>1,114,533</u>	<u>1,114,533</u>
FUND BALANCE, End of year	<u>\$ 6,583,075</u>	<u>\$ 6,583,075</u>	<u>\$ 7,697,608</u>	<u>\$ 1,114,533</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

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

SPECIAL REVENUE FUNDS							TOTAL NONMAJOR GOVERNMENTAL FUNDS
	LAW LIBRARY	SHERIFF'S LAW ENFORCEMENT	EMERGENCY TELEPHONE SYSTEM	DRUG TASK FORCE	HOTEL/ MOTEL TAX	RESTRICTED PROGRAMS	
ASSETS							
Cash	\$ 22,648	\$ 69,597	\$ -	\$ 62,134	\$ 34,741	\$ 192,523	\$ 381,643
Investments	22,398	-	-	-	-	-	22,398
Receivables (net of allowance for uncollectibles)	-	-	75,619	36,299	3,969	269,078	384,965
Interfund receivables	-	-	-	23,585	-	289,120	312,705
TOTAL ASSETS	<u>\$ 45,046</u>	<u>\$ 69,597</u>	<u>\$ 75,619</u>	<u>\$ 122,018</u>	<u>\$ 38,710</u>	<u>\$ 750,721</u>	<u>\$ 1,101,711</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ 18,743	\$ 8,211	\$ 77,560	\$ 104,514
Other accrued items	-	-	-	39,781	-	27,697	67,478
Interfund payables	435	-	7,793	-	-	202,427	210,655
Amounts held in trust	-	-	-	-	-	31,860	31,860
TOTAL LIABILITIES	<u>435</u>	<u>-</u>	<u>7,793</u>	<u>58,524</u>	<u>8,211</u>	<u>339,544</u>	<u>414,507</u>
FUND BALANCES							
Restricted:							
Judicial programs	44,611	-	-	-	-	411,177	455,788
Public safety programs	-	69,597	67,826	63,494	-	-	200,917
Housing and development programs	-	-	-	-	30,499	-	30,499
TOTAL FUND BALANCES	<u>44,611</u>	<u>69,597</u>	<u>67,826</u>	<u>63,494</u>	<u>30,499</u>	<u>411,177</u>	<u>687,204</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 45,046</u>	<u>\$ 69,597</u>	<u>\$ 75,619</u>	<u>\$ 122,018</u>	<u>\$ 38,710</u>	<u>\$ 750,721</u>	<u>\$ 1,101,711</u>

PICKENS COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	LAW LIBRARY	SHERIFF'S LAW ENFORCEMENT	EMERGENCY TELEPHONE SYSTEM	DRUG TASK FORCE	HOTEL/ MOTEL TAX	RESTRICTED PROGRAMS	CDBG	
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 32,149	\$ -	\$ -	\$ 32,149
Intergovernmental	-	-	-	255,810	-	1,623,378	171,697	2,050,885
Fines and forfeitures	19,494	22,103	-	37,520	-	172,319	-	251,436
Charges for services	-	78,223	597,309	-	-	252,281	-	927,813
Contributions and donations	-	6,187	-	-	-	39,957	-	46,144
Investment income	206	202	-	85	110	203	-	806
TOTAL REVENUES	19,700	106,715	597,309	293,415	32,259	2,088,138	171,697	3,309,233
EXPENDITURES								
Current Expenditures								
Judicial	11,426	-	-	-	-	1,704,857	-	1,716,283
Public safety	-	90,240	1,074,971	135,800	-	-	-	1,301,011
Public health and welfare	-	-	-	-	-	47,577	171,697	219,274
Housing and development	-	-	-	-	1,462	-	-	1,462
Intergovernmental	8,101	-	-	216,774	21,135	90,483	-	336,493
Capital outlay	-	-	304,924	-	-	-	-	304,924
Principal	-	-	17,713	-	-	-	-	17,713
Interest	-	-	1,816	-	-	-	-	1,816
TOTAL EXPENDITURES	19,527	90,240	1,399,424	352,574	22,597	1,842,917	171,697	3,898,976
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	173	16,475	(802,115)	(59,159)	9,662	245,221	-	(589,743)
OTHER FINANCING SOURCES (USES)								
Capital lease proceeds	-	-	300,000	-	-	-	-	300,000
Transfers in	-	-	502,115	48,377	-	54,626	-	605,118
Transfers out	-	-	-	-	-	(44,626)	-	(44,626)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	802,115	48,377	-	10,000	-	860,492
NET CHANGE IN FUND BALANCES	173	16,475	-	(10,782)	9,662	255,221	-	270,749
FUND BALANCES, Beginning of year	44,438	53,122	67,826	168,226	20,837	184,041	-	538,490
PRIOR PERIOD ADJUSTMENT	-	-	-	(93,950)	-	(28,085)	-	(122,035)
FUND BALANCES, Beginning of year, restated	44,438	53,122	67,826	74,276	20,837	155,956	-	416,455
FUND BALANCES, End of year	<u>\$ 44,611</u>	<u>\$ 69,597</u>	<u>\$ 67,826</u>	<u>\$ 63,494</u>	<u>\$ 30,499</u>	<u>\$ 411,177</u>	<u>\$ -</u>	<u>\$ 687,204</u>

PICKENS COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
LAW LIBRARY SPECIAL REVENUE FUND
For the Year Ended December 31, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 44,438	\$ 44,438	\$ 44,438	\$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	21,000	21,000	19,494	(1,506)
Investment income	(500)	(500)	206	706
Total Resources (Inflows)	<u>20,500</u>	<u>20,500</u>	<u>19,700</u>	<u>(800)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>64,938</u>	<u>64,938</u>	<u>64,138</u>	<u>(800)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	21,500	21,500	19,527	1,973
TOTAL CHARGES TO APPROPRIATIONS	<u>21,500</u>	<u>21,500</u>	<u>19,527</u>	<u>1,973</u>
CHANGE IN FUND BALANCE	<u>(1,000)</u>	<u>(1,000)</u>	<u>173</u>	<u>1,173</u>
FUND BALANCE, End of year	<u>\$ 43,438</u>	<u>\$ 43,438</u>	<u>\$ 44,611</u>	<u>\$ 1,173</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

PICKENS COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
SHERIFF'S LAW ENFORCEMENT SPECIAL REVENUE FUND
For the Year Ended December 31, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 53,122	\$ 53,122	\$ 53,122	\$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	20,500	20,500	22,103	1,603
Charges for services	70,000	70,000	78,223	8,223
Contributions and donations	-	-	6,187	6,187
Investment income	-	-	202	202
Total Resources (Inflows)	<u>90,500</u>	<u>90,500</u>	<u>106,715</u>	<u>16,215</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>143,622</u>	<u>143,622</u>	<u>159,837</u>	<u>16,215</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	<u>90,500</u>	<u>90,500</u>	<u>90,240</u>	<u>260</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>90,500</u>	<u>90,500</u>	<u>90,240</u>	<u>260</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>16,475</u>	<u>16,475</u>
FUND BALANCE, End of year	<u>\$ 53,122</u>	<u>\$ 53,122</u>	<u>\$ 69,597</u>	<u>\$ 16,475</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

PICKENS COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
EMERGENCY TELEPHONE SYSTEM SPECIAL REVENUE FUND
For the Year Ended December 31, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 67,826	\$ 67,826	\$ 67,826	\$ -
RESOURCES (INFLOWS)				
Charges for services	629,500	597,044	597,309	265
Investment income	300	300	-	(300)
Capital lease proceeds	-	300,000	300,000	-
Transfer in	-	502,218	502,115	(103)
Total Resources (Inflows)	629,800	1,399,562	1,399,424	(138)
AMOUNTS AVAILABLE FOR APPROPRIATION	697,626	1,467,388	1,467,250	(138)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	629,800	1,399,562	1,399,424	138
TOTAL CHARGES TO APPROPRIATIONS	629,800	1,399,562	1,399,424	138
CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, End of year	\$ 67,826	\$ 67,826	\$ 67,826	\$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

PICKENS COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
DRUG TASK FORCE SPECIAL REVENUE FUND
For the Year Ended December 31, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 168,226	\$ 168,226	\$ 168,226	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	249,055	249,055	255,810	6,755
Fines and forfeitures	-	59,000	37,520	(21,480)
Investment income	-	-	85	85
Transfer in	45,000	45,000	48,377	3,377
Total Resources (Inflows)	<u>294,055</u>	<u>353,055</u>	<u>341,792</u>	<u>(11,263)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>462,281</u>	<u>521,281</u>	<u>510,018</u>	<u>(11,263)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	294,055	353,055	352,574	481
TOTAL CHARGES TO APPROPRIATIONS	<u>294,055</u>	<u>353,055</u>	<u>352,574</u>	<u>481</u>
CHANGE IN FUND BALANCE	-	-	(10,782)	(10,782)
PRIOR PERIOD ADJUSTMENT	-	-	(93,950)	(93,950)
FUND BALANCE, End of year	<u>\$ 168,226</u>	<u>\$ 168,226</u>	<u>\$ 63,494</u>	<u>\$ (104,732)</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

PICKENS COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
For the Year Ended December 31, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 20,837	\$ 20,837	\$ 20,837	\$ -
RESOURCES (INFLOWS)				
Taxes	30,400	30,400	32,149	1,749
Investment income	100	100	110	10
Total Resources (Inflows)	<u>30,500</u>	<u>30,500</u>	<u>32,259</u>	<u>1,759</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>51,337</u>	<u>51,337</u>	<u>53,096</u>	<u>1,759</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Housing and development	30,500	30,500	22,597	7,903
TOTAL CHARGES TO APPROPRIATIONS	<u>30,500</u>	<u>30,500</u>	<u>22,597</u>	<u>7,903</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>9,662</u>	<u>9,662</u>
FUND BALANCE, End of year	<u>\$ 20,837</u>	<u>\$ 20,837</u>	<u>\$ 30,499</u>	<u>\$ 9,662</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

PICKENS COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
RESTRICTED PROGRAMS SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 184,041	\$ 184,041	\$ 184,041	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	421,974	1,270,474	1,623,378	352,904
Fines and forfeitures	244,843	244,843	172,319	(72,524)
Charges for services	282,498	282,498	252,281	(30,217)
Contributions and donations	-	-	39,957	39,957
Investment income	100	100	203	103
Transfer in	-	-	54,626	54,626
Total Resources (Inflows)	<u>949,415</u>	<u>1,797,915</u>	<u>2,142,764</u>	<u>344,849</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,133,456</u>	<u>1,981,956</u>	<u>2,326,805</u>	<u>344,849</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	949,415	1,704,915	1,704,857	58
Public health and welfare	-	48,000	47,577	423
Intergovernmental	22,000	90,500	90,483	17
Transfers out	-	45,000	44,626	374
TOTAL CHARGES TO APPROPRIATIONS	<u>971,415</u>	<u>1,888,415</u>	<u>1,887,543</u>	<u>872</u>
CHANGE IN FUND BALANCE	(22,000)	(90,500)	255,221	345,721
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(28,085)</u>	<u>(28,085)</u>
FUND BALANCE, End of year	<u>\$ 162,041</u>	<u>\$ 93,541</u>	<u>\$ 411,177</u>	<u>\$ 317,636</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

PICKENS COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND
For the Year Ended December 31, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	172,000	171,697	(303)
Total Resources (Inflows)	-	172,000	171,697	(303)
AMOUNTS AVAILABLE FOR APPROPRIATION	-	172,000	171,697	(303)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public health and welfare	-	172,000	171,697	303
TOTAL CHARGES TO APPROPRIATIONS	-	172,000	171,697	303
CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ -	\$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

PICKENS COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
December 31, 2016

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash	\$ 878,160	\$ 1,151,069	\$ 46,077	\$ 253,519	\$ 50,584	\$ 2,379,409
TOTAL ASSETS	<u>\$ 878,160</u>	<u>\$ 1,151,069</u>	<u>\$ 46,077</u>	<u>\$ 253,519</u>	<u>\$ 50,584</u>	<u>\$ 2,379,409</u>
LIABILITIES						
Amounts held in trust	\$ 878,160	\$ 1,151,069	\$ 46,077	\$ 253,519	\$ 50,584	\$ 2,379,409
TOTAL LIABILITIES	<u>\$ 878,160</u>	<u>\$ 1,151,069</u>	<u>\$ 46,077</u>	<u>\$ 253,519</u>	<u>\$ 50,584</u>	<u>\$ 2,379,409</u>

PICKENS COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended December 31, 2016

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash						
Balance, January 1, 2016	\$ 1,132,793	\$ 1,180,513	\$ 373,460	\$ 254,591	\$ 75,644	\$ 3,017,001
Additions	39,522,369	1,530,061	520,078	329,239	680,939	42,582,686
Deductions	<u>(39,777,002)</u>	<u>(1,559,505)</u>	<u>(847,461)</u>	<u>(330,311)</u>	<u>(705,999)</u>	<u>(43,220,278)</u>
Balance, December 31, 2016	<u>878,160</u>	<u>1,151,069</u>	<u>46,077</u>	<u>253,519</u>	<u>50,584</u>	<u>2,379,409</u>
TOTAL ASSETS	<u>\$ 878,160</u>	<u>\$ 1,151,069</u>	<u>\$ 46,077</u>	<u>\$ 253,519</u>	<u>\$ 50,584</u>	<u>\$ 2,379,409</u>
LIABILITIES						
Due to County						
Balance, January 1, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	11,667,324	794,543	343,177	71,846	250,404	13,127,294
Deductions	<u>(11,667,324)</u>	<u>(794,543)</u>	<u>(343,177)</u>	<u>(71,846)</u>	<u>(250,404)</u>	<u>(13,127,294)</u>
Balance, December 31, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts held in trust						
Balance, January 1, 2016	1,132,793	1,180,513	373,460	254,591	75,644	3,017,001
Additions	27,855,045	735,518	176,901	257,393	430,535	29,455,392
Deductions	<u>(28,109,678)</u>	<u>(764,962)</u>	<u>(504,284)</u>	<u>(258,465)</u>	<u>(455,595)</u>	<u>(30,092,984)</u>
Balance, December 31, 2016	<u>878,160</u>	<u>1,151,069</u>	<u>46,077</u>	<u>253,519</u>	<u>50,584</u>	<u>2,379,409</u>
Total Liabilities						
Balance, January 1, 2016	1,132,793	1,180,513	373,460	254,591	75,644	3,017,001
Additions	39,522,369	1,530,061	520,078	329,239	680,939	42,582,686
Deductions	<u>(39,777,002)</u>	<u>(1,559,505)</u>	<u>(847,461)</u>	<u>(330,311)</u>	<u>(705,999)</u>	<u>(43,220,278)</u>
Balance, December 31, 2016	<u>878,160</u>	<u>1,151,069</u>	<u>46,077</u>	<u>253,519</u>	<u>50,584</u>	<u>2,379,409</u>
TOTAL LIABILITIES	<u>\$ 878,160</u>	<u>\$ 1,151,069</u>	<u>\$ 46,077</u>	<u>\$ 253,519</u>	<u>\$ 50,584</u>	<u>\$ 2,379,409</u>

PICKENS COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended December 31, 2016

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES	
			PRIOR YEARS	CURRENT YEAR
Special Local Option Sales Tax				
2014 Projects				
Road Improvements	\$ 14,418,000	\$ 14,418,000	\$ 1,483,335	\$ 2,378,852
Capital Improvements				
Public Safety	5,987,000	5,987,000	947,897	167,140
Library	2,000,000	2,000,000	100,000	-
Water and Sewer	800,000	800,000	-	-
Contractual Payments				
City of Jasper	6,000,000	6,000,000	736,420	827,933
City of Nelson	729,000	729,000	89,475	100,594
City of Talking Rock	66,000	66,000	8,101	9,107
Total 2014 Projects	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>	<u>\$ 3,365,228</u>	<u>\$ 3,483,626</u>

PICKENS COUNTY, GEORGIA
Reconciliation of Expenditures for SPLOST
Year Ended December 31, 2016

Statement of Revenues, Expenditures and Changes in Fund Balance (page 5)		
	Expenditures	\$ 3,483,626
Expenditures reported on Splost schedule		<u><u>\$ 3,483,626</u></u>
Schedule of Projects Constructed With Special Purpose Local Option Sales Tax (page 66)		
	2014 SPLOST	\$ 3,483,626
Total		<u><u>\$ 3,483,626</u></u>

**PICKENS COUNTY, GEORGIA
SCHEDULE OF STATE CONTRACTUAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>State Program Name</u>	<u>Contract Number</u>	<u>Current Year</u>		<u>Amount Due from (to) State</u>
		<u>Received</u>	<u>Expended</u>	
Family Connections	93-141400098	<u>\$ 46,000</u>	<u>\$ 46,000</u>	<u>\$ 11,467</u>

The above schedule has been prepared on the modified accrual basis of accounting.

PICKENS COUNTY, GEORGIA.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2016

FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	PROGRAM OR AWARD AMOUNT	Expenditures
<u>U.S DEPARTMENT OF JUSTICE</u>				
Passed-through the Council of Juvenile Court Judges				
Prosecution Based VAWA Program - CJCC	16.575	C15-8-153	\$ 104,381	\$ 64,546
Prosecution Based VOCA Program - CJCC	16.575	C16-8-001	115,469	19,866
			219,850	84,412
BJA Adult Drug Court Discretionary Grant	16.585	Q15-8-001	162,500	61,471
2015 Edward Byrne Memorial Justice Assistance	16.751	B14-8-019	159,055	159,055
Bulletproof Vest Partnership Program	16.607	2016	9,995	9,995
SCAAP Grant	16.606	2016	3,959	3,959
			555,359	318,892
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Passed through Georgia Department of Transportation				
Transit Operating Assistance Grant	20.509	Project T005568	107,857	49,511
Transit Operating Assistance Grant	20.509	Project T005919	110,859	56,060
			218,716	105,571
Airport Improvement Program	20.106	Division of Intermodal - Aviation Project	502,557	502,557
			721,273	608,128
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through Georgia Department of Human Services				
Promoting Safe and Stable Families Program	93.556	DHS Contract # 42700-040C-PSSF-16-010	74,657	62,363
Promoting Safe and Stable Families Program	93.556	DHS Contract # 42700-040C-PSSF-17-081	74,657	13,224
Promoting Safe and Stable Families Program	93.556	DHS Contract # 42700-040C-PSSF-16-113	30,161	25,803
Promoting Safe and Stable Families Program	93.556	DHS Contract # 42700-040C-PSSF-17-082	33,273	6,812
Promoting Safe and Stable Families Program	93.556	SoN # 8029	31,556	23,982
Promoting Safe and Stable Families Program	93.556	SoN # 9072	46,926	8,685
			291,230	140,869
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>				
Passed through Georgia Emergency Management Agency				
Severe Winter Storm Assistance	97.039	FEMA-4259-DR-GA	290,960	290,960
Hazard Mitigation Grant Program	97.039	HMGP 4165-0013	84,206	69,380
			375,166	360,340
FY2015 HS EMPG Program	97.042	EMW-2015-EP-00017-S01	8,829	8,829
			383,995	369,169
GRAND TOTALS			\$ 1,951,857	\$ 1,437,058

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. This schedule is prepared on the modified accrual basis of accounting.
2. The County did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 Indirect (F&A) costs.

INDEPENDENT AUDITORS' 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

June 13, 2017

Board of Commissioners
Pickens County, Georgia
Jasper, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of PICKENS COUNTY, GEORGIA as of and for the year ended December 31, 2016, which collectively comprise the PICKENS COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated June 13, 2017. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Pickens County Health Department, as described in our report on PICKENS COUNTY, GEORGIA's basic financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of PICKENS COUNTY, GEORGIA, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered PICKENS COUNTY, GEORGIA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PICKENS COUNTY, GEORGIA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the PICKENS COUNTY, GEORGIA's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as findings 2016-01, 2016-02, 2016-03, 2016-04 and 2016-05, and 2016-06 that we consider to be significant deficiencies in internal control over financial reporting.

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.

Compliance and Other Matters

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

PICKENS COUNTY, GEORGIA's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit PICKENS COUNTY, GEORGIA's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bates, Carter & Co., LLP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE

June 13, 2017

Board of Commissioners
PICKENS COUNTY, GEORGIA
Jasper, Georgia

Report on Compliance for Each Major Federal Program

We have audited PICKENS COUNTY, GEORGIA's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of PICKENS COUNTY, GEORGIA's major federal programs for the year ended December 31, 2016. PICKENS COUNTY, GEORGIA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of PICKENS COUNTY, GEORGIA's major federal programs based on our audit of the types of compliance requirements referred to above. PICKENS COUNTY, GEORGIA's basic financial statements include the operations of legally separate component units, Pickens County Health Department. Any amounts of federal awards received by those component units are not included in the accompanying schedule of expenditures of federal awards. Our audit, described below, did not include the operations of Pickens County Health Department because the component unit engaged other auditors to perform any audit required in accordance with OMB *Compliance Supplement*.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in

Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about PICKENS COUNTY, GEORGIA's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on PICKENS COUNTY, GEORGIA's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, PICKENS COUNTY, GEORGIA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of PICKENS COUNTY, GEORGIA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered PICKENS COUNTY, GEORGIA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of PICKENS COUNTY, GEORGIA's internal control over compliance.

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

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

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

Bates, Carter & Co., LLP

PICKENS COUNTY, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2016

- I** **SUMMARY OF AUDITORS' RESULTS:**
1. Report issued on Financial Statements – Unqualified opinion.
 2. Compliance (financial statements) – Unqualified opinion.
 3. Internal Control (financial statements) – Five significant deficiencies.
 4. Compliance (major programs) – Unqualified opinion, no instances of noncompliance.
 5. Internal control (major programs) – No material weaknesses.
 6. Audit findings required to be reported in accordance with 2 CFR section 200.516(a)
 - i) Significant deficiencies in internal controls over major programs – None reported
 - ii) Material noncompliance related to major programs – None reported
 - iii) Known questioned costs greater than \$25,000 for major programs – None reported
 - iv) Known questioned costs greater than \$25,000 for a program not audited as major – None reported
 - v) Circumstances if report on compliance is other than unqualified – N/A
 - vi) Known fraud – N/A
 - vii) Misrepresentation in schedule of prior audit findings – None reported
 7. Major programs for the year – Promoting Safe and Stable Families, CFDA 93.556; Drug Court Discretionary Grant Program, CFDA 16.585; Airport Improvement Program, CFDA 20.106
 8. Dollar threshold used to distinguish between Type A and Type B programs – \$750,000.
 9. Does the auditee qualify as a low risk auditee – No.

II AUDIT FINDINGS - GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

Finding Number

SIGNIFICANT DEFICIENCY

PROBATE COURT

2016-01

Statement of Condition:

During testing, we noted funds held were not properly reconciled or accounted for at the end of the year.

Criteria:

Reporting should be in place to ensure funds held are accurate.

Effect of Condition:

The risk of understating liabilities.

Cause of Condition:

Unknown.

Recommendation:

We recommend that a report is implemented to record all funds held activity for the year and that it is reconciled at the year end to show the accurate liability for the year end.

Response:

In order to more accurately account for the Bonds (Funds held), Probate Court's chief clerk will provide a monthly and yearly report to the Probate Judge accounting for funds paid into and out of the Bonds account. This account will also be reconciled at the end of the year by the chief clerk to ensure that the funds held are accurate. If BatesCarter has further recommendations concerning this account, please advise the Probate Judge.

MAGISTRATE COURT

2016-02

Statement of Condition:

During testing, we noted funds held were not properly reconciled or accounted for at the end of the year.

Criteria:

Reporting should be in place to ensure funds held are accurate.

Effect of Condition:

The risk of not knowing for whom the funds belong.

Cause of Condition:

Unknown.

Recommendation:

We recommend that a report is implemented to record all funds held activity for the year and that it is reconciled at the year end to show the accurate liability for the year end.

Response:

The duties for deposits and reconciliation have been removed from front office staff. This will reduce the potential for errors in the processing of daily balancing sheets and deposits as the staff who perform these functions have now been moved to back-office functions and are no longer at the front customer service windows.

The delegation of duties has changed. The deputy clerk who now handles financial matter has no duties involving the receiving of funds nor any authority to sign checks. This position has combined duties with Probate Court as a back-office function. This should provide the appropriate delegation to meet the standard.

2016-03

Statement of Condition:

During testing, we noted funds intended to be held in the Escrow account were incorrectly deposited to the main operating bank account and were not corrected during the year.

Criteria:

Depending on their purpose, funds should be deposited in an account established for that purpose.

Effect of Condition:

The risk of not knowing for whom the funds belong.

Cause of Condition:

Unknown.

Recommendation:

We recommend that a process be established to determine the appropriate account for deposit.

Response:

The Escrow Account is being reviewed. We have implemented a plan for a two year look back at the escrow account to identify any potential deposits that may have been in error.

CLERK OF COURT

2016-04

Statement of Condition:

During testing, we noted that Intangible tax payments were misallocated to governmental entities due to an error inputting the 2015 digest millage rate into the software during a previous Clerk's tenure.

Criteria:

Controls should be in place to ensure allocations are distributed according to approved millage rates.

Effect of Condition:

A total of \$127,566 was misallocated to the County during 2016.

Cause of Condition:

The millage rate was entered into the Clerk's software incorrectly.

Recommendation:

We recommend that a control is implemented in the Clerk's office to agree the allocations in the software to the approved millage rates after the new digest has been recorded in the system.

Response:

The Clerk has met with the computer software company that incorrectly entered the millage rates and has implemented a safeguard to ensure this error will not happen again. The Clerk will approve, by signature, all millage rates have been entered correctly after the programmer updates the system and will spot check throughout the year as well. Periodic training will be given to the Clerk's office staff by the software company to ensure this office is aware of any changes in to program; this training option was not available in before this year.

APPALACHIAN CASA

2016-05

Statement of Condition:

Bank reconciliations were not provided for the audit.

Criteria:

To ensure an accurate cash balance in the accounting books, a bank reconciliation should be performed monthly.

Effect of Condition:

The risk of misappropriation of cash increases when cash is not reconciled to bank statements.

Cause of Condition:

Unknown.

Recommendation:

We recommend that CASA implement a monthly reconciliation and a review process where any discrepancies are recognized and corrected timely.

Response:

Bank statements are manually, but not electronically, reconciled monthly. There is an internal policy of “no cash,” and all transactions are either check or credit card. All deposits are received and deposited by a designated staff member; all invoices are reconciled, and all checks are signed by the director and chief juvenile judge. New procedures have been implemented for 2017 with grant accounting moved to the Pickens Finance Department.

ACCOUNTABILITY COURTS

2016-06

Statement of Condition:

Interfund activity related to payroll and other grant expenditures is not recorded accurately throughout the year.

Criteria:

To ensure accuracy and consistency in the accounting books, the Accountability Courts’ books should be kept within the same software and controls as the County’s.

Effect of Condition:

The risk the County may not be properly reimbursed for costs.

Cause of Condition:

Unknown.

Recommendation:

We recommend that the Accountability Courts implement an accounting process in line with the County’s accounting process.

Response:

It was intended for the accounting system for the grant to be moved to the County during 2016; however, this was delayed. This issue will not be repeated in future years as the accounting for the grant has now been moved to the Finance Department as of March 2017. Effective April 2017, the Grants Manager will use the same accounting software as the County allowing proper recording of payroll and other grant-related expenditures and revenue to be recorded across other funds.

III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs relating to Federal awards reported for the year ended December 31, 2016.