

PICKENS COUNTY, GEORGIA

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

Year Ended December 31, 2017

**PICKENS COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2017**

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INDEPENDENT AUDITORS' REPORT

June 25, 2018

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, 2017, 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, 2017, which represent 0.12%, 0.04%, and 0.80%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

internal control relevant to the 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, 2017, 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 Employment 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 25, 2018 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 the effectiveness of PICKENS COUNTY, GEORGIA's 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.

Bates, 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, 2017. 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 \$51,776,826 (net position) for the year reported. This represents a decrease of \$(1,172,629) from the previous year.

Total net position is comprised of the following:

1. Net investment in capital assets equaled \$49,599,280.
2. Net position of \$4,675,134 are restricted for debt service, capital outlay, or by other constraints imposed by law or regulations.
3. At the end of 2017, unrestricted net position balance decreased by \$(2,780,069) from \$282,481 to \$(2,497,588).

The County's governmental funds reported total ending fund balance of \$12,765,058. This compares to the prior year ending fund balance of \$10,633,244 showing an increase of \$2,131,814 during the current year.

At the end of 2017, unassigned fund balance for the County's governmental funds was \$8,013,069.

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, 2017 to the year ended December 31, 2016 as required by GASB Statement No. 34.

Comparative Schedule of Net Position December 31

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Capital assets (net of depreciation)	\$ 43,061,010	\$ 43,835,892	\$ 18,243,550	\$ 18,610,371	\$ 61,304,560	\$ 62,446,263
Current and other assets	<u>14,676,436</u>	<u>12,394,186</u>	<u>(2,835,172)</u>	<u>(2,516,390)</u>	<u>11,841,264</u>	<u>9,877,796</u>
Total Assets	<u>57,737,446</u>	<u>56,230,078</u>	<u>15,408,378</u>	<u>16,093,981</u>	<u>73,145,824</u>	<u>72,324,059</u>
Total deferred outflows of resources	<u>1,000,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,001</u>	<u>-</u>
Long-term liabilities	10,962,290	3,060,636	10,233,171	-	21,195,461	3,060,636
Other liabilities	<u>940,039</u>	<u>5,185,707</u>	<u>179,439</u>	<u>11,128,261</u>	<u>1,119,478</u>	<u>16,313,968</u>
Total liabilities	<u>11,902,329</u>	<u>8,246,343</u>	<u>10,412,610</u>	<u>11,128,261</u>	<u>22,314,939</u>	<u>19,374,604</u>
Total deferred inflows of resources	<u>54,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,060</u>	<u>-</u>
Net Position:						
Net investment in capital assets	41,582,225	41,895,236	8,017,055	7,711,102	49,599,280	49,606,338
Restricted	4,675,134	3,060,636	-	-	4,675,134	3,060,636
Unrestricted	<u>523,699</u>	<u>3,027,863</u>	<u>(3,021,287)</u>	<u>(2,745,382)</u>	<u>(2,497,588)</u>	<u>282,481</u>
Total net position	<u>\$ 46,781,058</u>	<u>\$ 47,983,735</u>	<u>\$ 4,995,768</u>	<u>\$ 4,965,720</u>	<u>\$ 51,776,826</u>	<u>\$ 52,949,455</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 \$51,776,826 at December 31, 2017 compared to \$52,949,455 at December 31, 2016. The total decrease was \$(1,172,629).

The largest portion of net position, \$49,599,280 (96%), 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 \$4,675,134 (9%) 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 \$(2,497,588) ((4.8)%) of unrestricted net position.

The table below presents the County's condensed *Statement of Activities* for the year ended December 31, 2017 with comparative amounts for the year ended December 31, 2016.

**Comparative Schedule of Changes in Net Position
December 31**

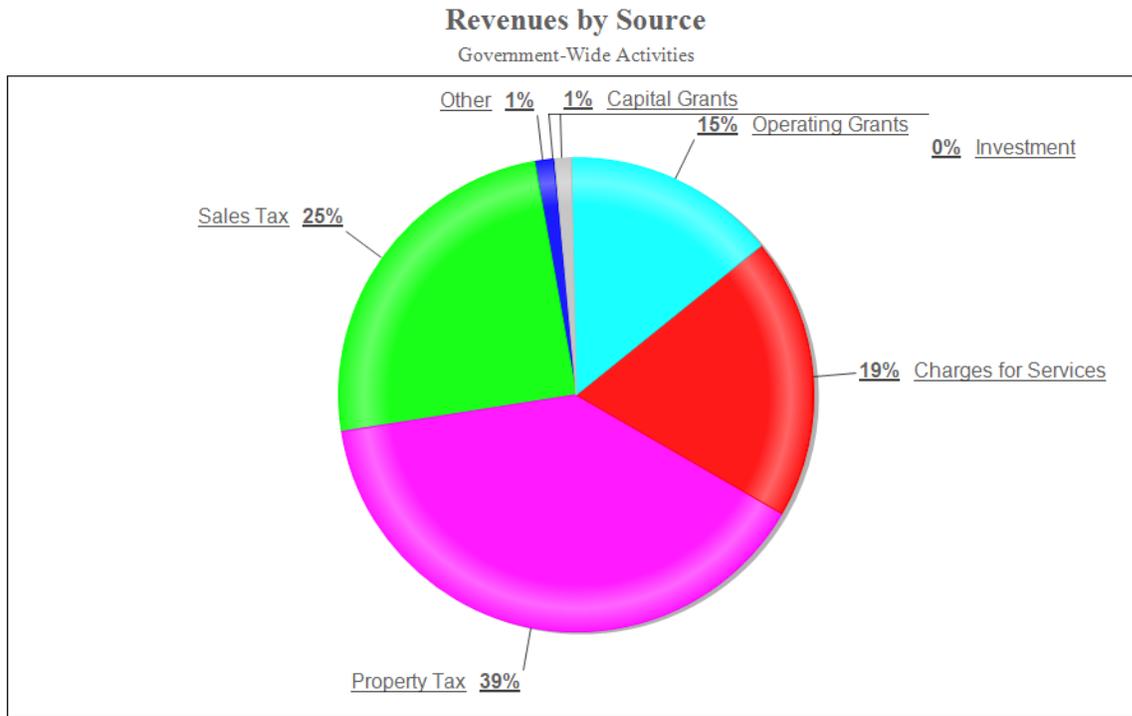
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues						
Charges for services	\$ 5,953,786	\$ 5,782,752	\$ 2,710,643	\$ 2,581,815	\$ 8,664,429	\$ 8,364,567
Operating grants and contributions	4,518,129	3,760,012	-	-	4,518,129	3,760,012
Capital grants and contributions	359,286	165,347	157,770	531,386	517,056	696,733
Subtotal for program revenues	<u>10,831,201</u>	<u>9,708,111</u>	<u>2,868,413</u>	<u>3,113,201</u>	<u>13,699,614</u>	<u>12,821,312</u>
General revenues						
Property taxes	12,102,775	12,102,447	-	-	12,102,775	12,102,447
Sales taxes	7,694,259	7,065,668	-	-	7,694,259	7,065,668
Insurance premium tax	1,496,738	1,397,559	-	-	1,496,738	1,397,559
Franchise tax	-	133,447	-	-	-	133,447
Other taxes	384,426	234,882	-	-	384,426	234,882
Interest and investment earnings	10,452	25,909	3	7	10,455	25,916
Other revenue	538,990	363,124	-	-	538,990	363,124
Grants and contributions not restricted to a specific program	-	21,936	-	-	-	21,936
Gain on sale of capital assets	14,697	24,372	-	-	14,697	24,372
Subtotal for general revenues	<u>22,242,337</u>	<u>21,369,344</u>	<u>3</u>	<u>7</u>	<u>22,242,340</u>	<u>21,369,351</u>
Total revenues	<u>33,073,538</u>	<u>31,077,455</u>	<u>2,868,416</u>	<u>3,113,208</u>	<u>35,941,954</u>	<u>34,190,663</u>
EXPENSES						
Program expenses						
General government	4,393,388	3,936,931	-	-	4,393,388	3,936,931
Judicial	6,425,440	5,103,493	-	-	6,425,440	5,103,493
Public safety	14,598,060	12,656,456	-	-	14,598,060	12,656,456
Public works	6,311,425	6,116,049	-	-	6,311,425	6,116,049
Health & welfare	913,171	608,533	-	-	913,171	608,533
Recreation & culture	1,113,634	1,020,431	-	-	1,113,634	1,020,431
Housing and development	755,788	664,209	-	-	755,788	664,209
Interest and paying agent fees	87,911	104,003	-	-	87,911	104,003
Water	-	-	2,401,115	2,206,324	2,401,115	2,206,324
Airport	-	-	580,662	496,946	580,662	520,816
Total expenses	<u>34,598,817</u>	<u>30,210,105</u>	<u>2,981,777</u>	<u>2,703,270</u>	<u>37,580,594</u>	<u>32,913,375</u>
Change in net position before transfers	(1,525,279)	867,350	(113,361)	409,938	(1,638,640)	1,277,288
Transfers	(143,409)	-	143,409	-	-	-
Change in net position	<u>(1,668,688)</u>	<u>867,350</u>	<u>30,048</u>	<u>409,938</u>	<u>(1,638,640)</u>	<u>1,277,288</u>
Net position, beginning of year	47,983,735	47,116,385	4,965,720	4,555,781	52,949,455	52,406,369
Change in accounting principle	-	-	-	-	-	(2,152,478)
Prior period adjustment	466,011	-	-	-	466,011	(458,524)
Net position, beginning as restated	48,449,746	47,116,385	4,965,720	4,555,781	53,415,466	49,795,367
Net position, end of year	<u>\$ 46,781,058</u>	<u>\$ 47,983,735</u>	<u>\$ 4,995,768</u>	<u>\$ 4,965,720</u>	<u>\$ 51,776,826</u>	<u>\$ 52,949,455</u>

Governmental Activities Revenues such as property taxes, insurance premium tax and other taxes, continue as the main source of revenue for governmental activities which totaled \$22,242,337 in 2017 compared to \$21,369,344 in 2016. This change is an increase of 4.09%.

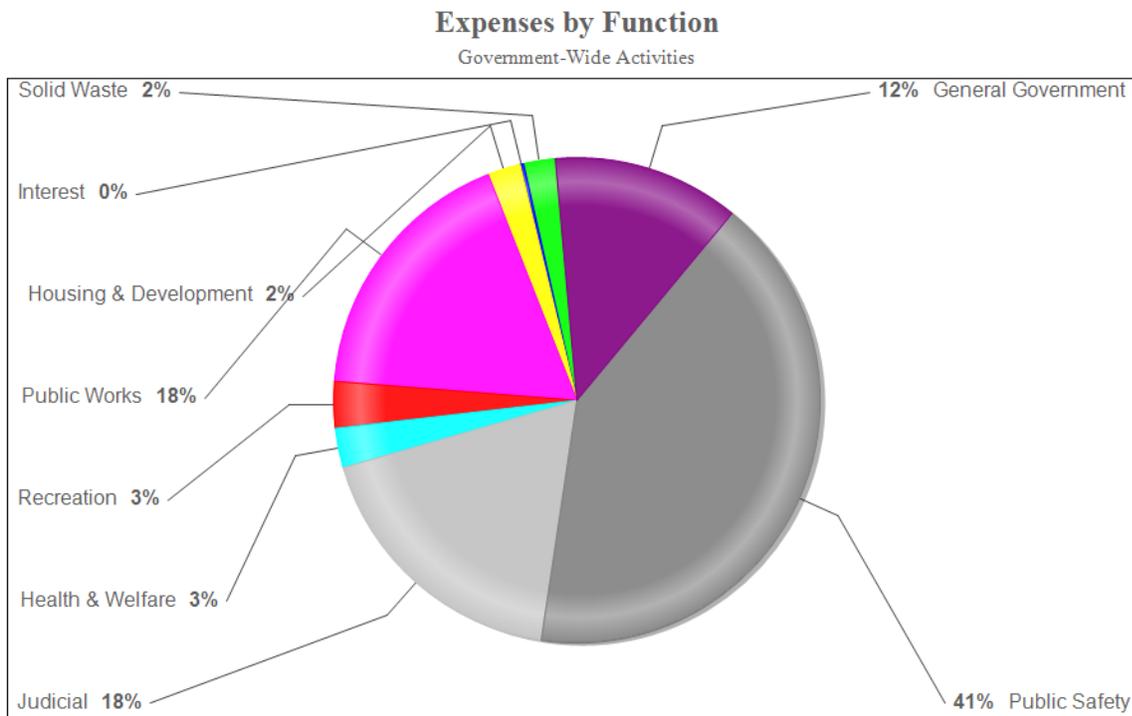
Governmental Activities Expenses by function as reflected in the table above show that during 2017, the County expended 42% for Public Safety, 19% for Judicial, 18% for Public Works, 13% for General Government, 3% for Culture and Recreation, 2% for Housing and Development, 3% for Health and Welfare, and 1% for Interest on Long-term debt.

As a comparative, during fiscal year 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.

Business-type activities increased the County's net position by \$30,048.



*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.

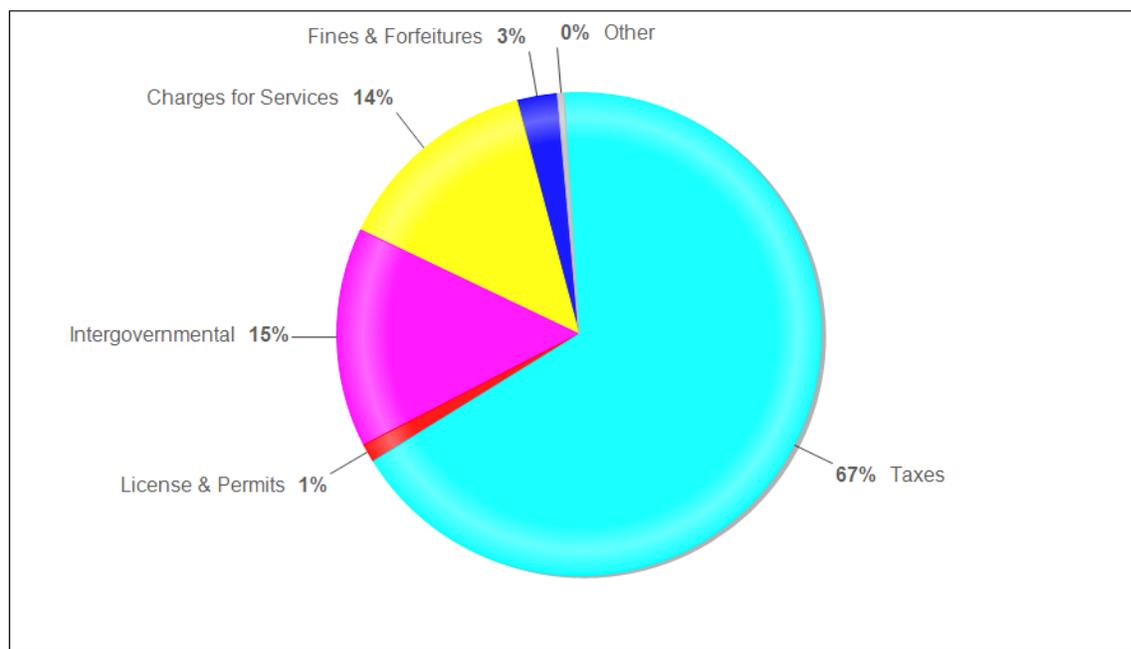
The major governmental funds are the General Fund and SPLOST. The General Fund is the chief operating fund of the County. It is used to account for all governmental financial resources not restricted by state or federal laws, local ordinances, or other imposed requirements. The County's total governmental funds reported ending fund balance of \$8,703,790. This compares to the prior year ending fund balance of \$7,697,608 showing an increase of \$1,006,182 during the current year. At the end of fiscal year 2017, unassigned fund balance for the County's governmental funds was \$8,013,069.

The County's other major governmental fund is the SPLOST fund. The fund balance of the SPLOST fund increased by \$1,393,462 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 \$3,641,894 which is restricted for capital projects as outlined in the 2014 SPLOST referendum.

In 2017, governmental revenues increased \$2,217,724 from 2016. 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 an 8.9% 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, 2017 total \$61,304,560 (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	
	2017	2016	2017	2016	2017	2016
Land and improvements	\$ 4,713,950	\$ 4,718,417	\$ 2,121,519	\$ 2,555,674	\$ 6,835,469	\$ 7,274,091
Construction in progress	-	9,606	6,091,502	5,998,802	6,091,502	6,008,408
Buildings	29,925,985	30,728,570	246,713	(101,220)	30,172,698	30,627,350
Machinery & equipment	2,314,850	2,473,576	575,699	440,912	2,890,549	2,914,488
Furniture & fixtures	-	-	-	-	-	-
Vehicles	1,463,404	1,206,425	114,258	110,533	1,577,662	1,316,958
Infrastructure	4,642,821	4,699,298	9,093,859	9,605,670	13,736,680	14,304,968
Total Assets	<u>\$ 43,061,010</u>	<u>\$ 43,835,892</u>	<u>\$ 18,243,550</u>	<u>\$ 18,610,371</u>	<u>\$ 61,304,560</u>	<u>\$ 62,446,263</u>

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

Long-term Debt. During 2017, the long-term debt of Pickens County's governmental activities increased \$3,642,876. The inception of capital leases for the purchase of vehicles and equipment totaled \$450,000 during 2017. The notes payable category decreased due to the continual repayment of debt. The net pension liability increased \$4,761,700 due to the implementation of GASB 68, and the net OPEB obligation increased by \$57,524 during 2017. Long-term debt decreased in business-type activities in the amount of \$(672,026).

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Bonds payable	\$ -	\$ -	\$ 10,187,637	\$ 10,818,273	\$ 10,187,637	\$ 10,818,273
Contracts payable	-	-	-	80,995	-	80,995
Capital leases	1,024,185	1,080,564	38,858	-	1,063,043	1,080,564
Notes payable	454,600	860,092	-	-	454,600	860,092
Landfill closure/postclosure	365,500	244,733	-	-	365,500	244,733
Compensated absences	245,727	214,950	6,676	5,929	252,403	220,879
Net pension obligation	7,113,681	3,218,002	-	-	7,113,681	3,218,002
Net OPEB obligation	1,758,597	1,701,073	-	-	1,758,597	1,701,073
Totals	<u>\$ 10,962,290</u>	<u>\$ 7,319,414</u>	<u>\$ 10,233,171</u>	<u>\$ 10,905,197</u>	<u>\$ 21,195,461</u>	<u>\$ 18,224,611</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 2018 BUDGET

- The 2017 millage rate decreased from 7.95 to 7.88 per \$1,000 of valuation. The 2017 millage rate was a decrease of 0.8%, however the 2017 tax digest reflected an increase in overall valuation. The 2017 total County taxes levied increased \$82,217 as compared to 2016.

- The 2017 final budget shown in this report was increased by \$170,622 to \$25,535,521 to recognize an increase in tax revenues and charges for services.
- The 2018 budget was approved and adopted by the Board of Commissioners on December 21, 2017. The 2018 operating budget increased from \$25,535,521 to \$26,037,865, an increase of \$502,344. 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, 2017

PRIMARY GOVERNMENT				
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash	\$ 8,276,962	\$ 600	\$ 8,277,562	\$ 714,754
Investments	22,521	-	22,521	-
Capital lease receivable	-	-	-	168,000
Receivables (net of allowance for uncollectibles)	3,025,504	266,304	3,291,808	39,735
Internal balances	3,179,057	(3,179,057)	-	-
Inventories	39,326	69,229	108,555	4,252
Prepaid items	37,529	-	37,529	-
Restricted assets:				
Cash	95,537	-	95,537	-
Customer deposits	-	7,752	7,752	-
Capital lease receivable	-	-	-	2,688,000
Capital assets:				
Capital assets not being depreciated	4,271,996	7,782,096	12,054,092	-
Capital assets being depreciated	63,209,962	19,599,158	82,809,120	118,864
Less: accumulated depreciation	<u>(24,420,948)</u>	<u>(9,137,704)</u>	<u>(33,558,652)</u>	<u>(68,894)</u>
Capital assets, net of depreciation	<u>43,061,010</u>	<u>18,243,550</u>	<u>61,304,560</u>	<u>49,970</u>
TOTAL ASSETS	<u>57,737,446</u>	<u>15,408,378</u>	<u>73,145,824</u>	<u>3,664,711</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension expense	<u>1,000,001</u>	<u>-</u>	<u>1,000,001</u>	<u>102,662</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCE	<u>1,000,001</u>	<u>-</u>	<u>1,000,001</u>	<u>102,662</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>58,737,447</u>	<u>15,408,378</u>	<u>74,145,825</u>	<u>3,767,373</u>
LIABILITIES				
Accounts payable	803,452	142,266	945,718	50,699
Accrued interest payable	-	13,248	13,248	-
Other accrued items	136,587	19,675	156,262	-
Unearned revenue	-	4,250	4,250	-
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	172,009	4,673	176,682	6,267
Accrued landfill closure / postclosure	20,000	-	20,000	-
Notes payable	419,057	-	419,057	-
Capital leases payable	474,127	31,226	505,353	-
Revenue bonds payable	-	495,000	495,000	68,870
Due in more than one year				
Compensated absences payable	73,718	2,003	75,721	6,266
Net pension liability	7,113,681	-	7,113,681	412,161
Net OPEB obligation	1,758,597	-	1,758,597	-
Accrued landfill closure / postclosure	345,500	-	345,500	-
Notes payable	35,543	-	35,543	-
Capital leases payable	550,058	7,632	557,690	-
Revenue bonds payable	-	9,692,637	9,692,637	1,726,255
TOTAL LIABILITIES	<u>11,902,329</u>	<u>10,412,610</u>	<u>22,314,939</u>	<u>2,270,518</u>
DEFERRED INFLOWS OF RESOURCE				
Pension expense	<u>54,060</u>	<u>-</u>	<u>54,060</u>	<u>1,011,879</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>54,060</u>	<u>-</u>	<u>54,060</u>	<u>1,011,879</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>11,956,389</u>	<u>10,412,610</u>	<u>22,368,999</u>	<u>3,282,397</u>
NET POSITION				
Net investment in capital assets	41,582,225	8,017,055	49,599,280	49,970
Restricted for:				
Capital outlay projects	4,160,223	-	4,160,223	-
Judicial programs	281,725	-	281,725	-
Public safety programs	198,692	-	198,692	-
Health and welfare programs	-	-	-	19,109
Housing and development programs	34,494	-	34,494	-
Unrestricted	<u>523,699</u>	<u>(3,021,287)</u>	<u>(2,497,588)</u>	<u>415,897</u>
TOTAL NET POSITION	<u>\$ 46,781,058</u>	<u>\$ 4,995,768</u>	<u>\$ 51,776,826</u>	<u>\$ 484,976</u>

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

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	\$ 4,393,388	\$ 896,509	\$ 317,348	\$ -	\$ (3,179,531)	\$ -	\$ (3,179,531)	\$ -
Judicial	6,425,440	1,411,195	3,566,863	72,559	(1,374,823)	-	(1,374,823)	-
Public safety	14,598,060	2,797,779	449,557	550	(11,350,174)	-	(11,350,174)	-
Public works	6,311,425	424,710	-	199,726	(5,686,989)	-	(5,686,989)	-
Public health and welfare	913,171	17,918	184,361	86,451	(624,441)	-	(624,441)	-
Recreation and culture	1,113,634	159,836	-	-	(953,798)	-	(953,798)	-
Housing and development	755,788	245,839	-	-	(509,949)	-	(509,949)	-
Interest	87,911	-	-	-	(87,911)	-	(87,911)	-
Total Governmental Activities	<u>34,598,817</u>	<u>5,953,786</u>	<u>4,518,129</u>	<u>359,286</u>	<u>(23,767,616)</u>	<u>-</u>	<u>(23,767,616)</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES								
Water	2,401,116	2,405,685	-	-	-	4,569	4,569	-
Airport	580,662	304,959	-	157,770	-	(117,933)	(117,933)	-
Total Business-Type Activities	<u>2,981,778</u>	<u>2,710,644</u>	<u>-</u>	<u>157,770</u>	<u>-</u>	<u>(113,364)</u>	<u>(113,364)</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 37,580,595</u>	<u>\$ 8,664,430</u>	<u>\$ 4,518,129</u>	<u>\$ 517,056</u>	<u>(23,767,616)</u>	<u>(113,364)</u>	<u>(23,880,980)</u>	<u>-</u>
COMPONENT UNITS								
Health Department	\$ 588,876	\$ 287,993	\$ 395,696	\$ -	-	-	-	94,813
Development Authority	53,865	173,000	-	-	-	-	-	119,135
TOTAL COMPONENT UNITS	<u>\$ 642,741</u>	<u>\$ 460,993</u>	<u>\$ 395,696</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,948</u>
GENERAL REVENUES								
Property taxes					12,102,775	-	12,102,775	-
Sales taxes					7,694,259	-	7,694,259	-
Insurance premium taxes					1,496,738	-	1,496,738	-
Real estate recording taxes					384,426	-	384,426	-
Other taxes					538,990	-	538,990	-
Total taxes					22,217,188	-	22,217,188	-
Unrestricted investment earnings					10,452	3	10,455	1,118
Gain on sale of capital assets					14,697	-	14,697	-
TRANSFERS					(143,409)	143,409	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					<u>22,098,928</u>	<u>143,412</u>	<u>22,242,340</u>	<u>1,118</u>
CHANGES IN NET POSITION					(1,668,688)	30,048	(1,638,640)	215,066
NET POSITION, Beginning					47,983,735	4,965,720	52,949,455	269,910
PRIOR PERIOD ADJUSTMENT					466,011	-	466,011	-
NET POSITION, Ending					<u>\$ 46,781,058</u>	<u>\$ 4,995,768</u>	<u>\$ 51,776,826</u>	<u>\$ 484,976</u>

The accompanying notes are an integral part of this statement.

**PICKENS COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	GENERAL	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash	\$ 4,457,228	\$ 3,371,377	\$ 448,357	\$ 8,276,962
Investments	-	-	22,521	22,521
Receivables (net of allowance for uncollectibles)	2,264,755	440,730	320,019	3,025,504
Interfund receivables	3,580,462	-	262,494	3,842,956
Prepaid items	37,529	-	-	37,529
Inventories	39,326	-	-	39,326
Restricted assets:				
Cash	95,537	-	-	95,537
TOTAL ASSETS	<u>10,474,837</u>	<u>3,812,107</u>	<u>1,053,391</u>	<u>15,340,335</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,474,837</u>	<u>\$ 3,812,107</u>	<u>\$ 1,053,391</u>	<u>\$ 15,340,335</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 588,109	\$ 3,399	\$ 211,941	\$ 803,449
Other accrued items	64,908	-	71,680	136,588
Interfund payables	146,689	166,814	350,396	663,899
TOTAL LIABILITIES	<u>799,706</u>	<u>170,213</u>	<u>634,017</u>	<u>1,603,936</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	971,341	-	-	971,341
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>971,341</u>	<u>-</u>	<u>-</u>	<u>971,341</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,771,047</u>	<u>170,213</u>	<u>634,017</u>	<u>2,575,277</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditure	37,529	-	-	37,529
Inventories	39,326	-	-	39,326
Restricted:				
Capital outlay projects	518,329	3,641,894	-	4,160,223
Judicial programs	95,537	-	186,188	281,725
Public safety programs	-	-	198,692	198,692
Housing and development programs	-	-	34,494	34,494
Unassigned	8,013,069	-	-	8,013,069
TOTAL FUND BALANCES	<u>8,703,790</u>	<u>3,641,894</u>	<u>419,374</u>	<u>12,765,058</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 10,474,837</u>	<u>\$ 3,812,107</u>	<u>\$ 1,053,391</u>	<u>\$ 15,340,335</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, 2017

Total Fund Balances for Governmental Funds (page 3)		\$ 12,765,058
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.		43,061,010
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.		
Property Taxes	971,341	971,341
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	(7,113,681)	
Net deferred inflows (outflows) - pension expense	945,941	
Compensated absences	(245,727)	
Capital leases	(1,024,185)	
Net OPEB obligation	(1,758,597)	
Notes payable	(454,600)	
Accrued landfill closure/postclosure	(365,500)	(10,016,349)
Rounding		(2)
Total net position of governmental activities (page 1)		\$ <u>46,781,058</u>

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, 2017

	GENERAL	SPLOST	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 17,490,889	\$ 4,526,031	\$ 62,938	\$ 22,079,858
Licenses and permits	413,660	-	-	413,660
Intergovernmental	2,450,588	-	2,390,185	4,840,773
Fines and forfeitures	303,313	-	588,233	891,546
Charges for services	3,611,856	-	934,477	4,546,333
Contributions and donations	7,549	-	15,217	22,766
Investment income	9,079	13,875	1,376	24,330
Miscellaneous	86,650	-	15,596	102,246
TOTAL REVENUES	<u>24,373,584</u>	<u>4,539,906</u>	<u>4,008,022</u>	<u>32,921,512</u>
EXPENDITURES				
Current Expenditures				
General government	3,232,962	-	-	3,232,962
Judicial	3,170,477	-	1,962,311	5,132,788
Public safety	10,868,719	29,293	1,268,512	12,166,524
Public works	2,244,079	1,991,594	-	4,235,673
Public health and welfare	321,127	-	560,350	881,477
Recreation and culture	924,294	-	-	924,294
Housing and development	543,648	-	8,915	552,563
Intergovernmental	-	1,017,048	567,336	1,584,384
Capital outlay	874,918	399,484	46,646	1,321,048
Debt service				
Principal	684,095	154,576	73,200	911,871
Interest	78,540	4,457	4,913	87,910
TOTAL EXPENDITURES	<u>22,942,859</u>	<u>3,596,452</u>	<u>4,492,183</u>	<u>31,031,494</u>
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	<u>1,430,725</u>	<u>943,454</u>	<u>(484,161)</u>	<u>1,890,018</u>
OTHER FINANCING SOURCES (USES)				
Sale of county property	14,690	8	-	14,698
Capital lease proceeds	-	450,000	-	450,000
Transfers in	572	-	614,048	614,620
Transfers out	(757,457)	-	(572)	(758,029)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(742,195)</u>	<u>450,008</u>	<u>613,476</u>	<u>321,289</u>
NET CHANGE IN FUND BALANCES	<u>688,530</u>	<u>1,393,462</u>	<u>129,315</u>	<u>2,211,307</u>
FUND BALANCES, Beginning of year	7,697,608	2,248,432	687,204	10,633,244
PRIOR PERIOD ADJUSTMENT	317,652	-	(397,145)	(79,493)
FUND BALANCES, Beginning, as restated	<u>8,015,260</u>	<u>2,248,432</u>	<u>290,059</u>	<u>10,553,751</u>
FUND BALANCES, End of year	<u>\$ 8,703,790</u>	<u>\$ 3,641,894</u>	<u>\$ 419,374</u>	<u>\$ 12,765,058</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, 2017

Net change in fund balances (page 5)		\$	2,211,307
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital outlays	1,321,048		
Depreciation expense	<u>(2,095,930)</u>		(774,882)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Property taxes	<u>971,341</u>		971,341
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.			
Property taxes	<u>(834,011)</u>		(834,011)
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, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances.			
Proceeds from borrowing including premiums and discounts	(450,000)		
Principal payments on long-term debt	911,871		
Accrued landfill closure/postclosure, current year	(365,500)		
Accrued landfill closure/postclosure, prior year	<u>244,733</u>		341,104
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.			
Compensated absences, current year	(245,727)		
Compensated absences, prior year	<u>214,950</u>		(30,777)
Net OPEB obligation is not available during the current period and therefore is not reported in the funds.			
End of year	(1,758,597)		
Beginning of year	<u>1,701,073</u>		(57,524)
Changes in the ACCG pension plan actuarial assumptions are reported in deferred outflows.			
End of year	1,000,001		
Beginning of year	<u>(612,135)</u>		387,866
Changes in the ACCG pension plan actuarial assumptions are reported in deferred inflows.			
End of year	(54,060)		
Beginning of year	<u>66,632</u>		12,572
Net pension liability is not available during the current period and therefore is not reported in the funds.			
End of year	(7,113,681)		
Beginning of year	<u>3,218,002</u>		(3,895,679)
Rounding			<u>(5)</u>
Changes in net position of governmental activities (page 2)			<u><u>\$ (1,668,688)</u></u>

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS

	WATER FUND	AIRPORT AUTHORITY	TOTAL
ASSETS			
Current Assets			
Cash	\$ 600	\$ -	\$ 600
Receivables (net of allowance for uncollectibles)	262,603	3,701	266,304
Interfund receivables	111,230	-	111,230
Inventories	27,401	41,828	69,229
Restricted assets:			
Customer deposits	7,752	-	7,752
TOTAL CURRENT ASSETS	<u>409,586</u>	<u>45,529</u>	<u>455,115</u>
Noncurrent Assets			
Capital assets			
Capital assets not being depreciated	383,684	7,398,412	7,782,096
Capital assets being depreciated	17,853,460	1,745,698	19,599,158
Less: accumulated depreciation	<u>(8,100,037)</u>	<u>(1,037,667)</u>	<u>(9,137,704)</u>
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>10,137,107</u>	<u>8,106,443</u>	<u>18,243,550</u>
TOTAL NONCURRENT ASSETS	<u>10,137,107</u>	<u>8,106,443</u>	<u>18,243,550</u>
TOTAL ASSETS	<u>10,546,693</u>	<u>8,151,972</u>	<u>18,698,665</u>
LIABILITIES			
Current Liabilities			
Accounts payable	128,818	13,448	142,266
Other accrued items	16,384	3,291	19,675
Interfund payables	2,494,313	795,974	3,290,287
Unearned revenue	-	4,250	4,250
Compensated absences payable	4,673	-	4,673
Capital lease payable	31,226	-	31,226
Revenue bonds payable	495,000	-	495,000
Accrued interest payable	<u>13,248</u>	<u>-</u>	<u>13,248</u>
TOTAL CURRENT LIABILITIES	<u>3,183,662</u>	<u>816,963</u>	<u>4,000,625</u>
Noncurrent Liabilities			
Compensated absences payable	2,003	-	2,003
Capital lease payable	7,632	-	7,632
Revenue bonds payable	<u>6,270,000</u>	<u>3,422,637</u>	<u>9,692,637</u>
TOTAL NONCURRENT LIABILITIES	<u>6,279,635</u>	<u>3,422,637</u>	<u>9,702,272</u>
TOTAL LIABILITIES	<u>9,463,297</u>	<u>4,239,600</u>	<u>13,702,897</u>
NET POSITION			
Net investment in capital assets	3,333,249	4,683,806	8,017,055
Unrestricted	<u>(2,249,853)</u>	<u>(771,434)</u>	<u>(3,021,287)</u>
TOTAL NET POSITION	<u>\$ 1,083,396</u>	<u>\$ 3,912,372</u>	<u>\$ 4,995,768</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, 2017

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	\$ 2,257,784	\$ -	\$ 2,257,784
Water connection fees	140,748	-	140,748
Other	7,154	118	7,272
Charges for services-other	-	304,841	304,841
Total Operating Revenues	<u>2,405,686</u>	<u>304,959</u>	<u>2,710,645</u>
OPERATING EXPENSES			
Salaries and benefits	584,924	87,181	672,105
Other services and charges	1,020,709	214,348	1,235,057
Depreciation	627,626	100,757	728,383
Professional fees	-	3,025	3,025
Repairs and maintenance	-	31,942	31,942
Total Operating Expenses	<u>2,233,259</u>	<u>437,253</u>	<u>2,670,512</u>
OPERATING INCOME (LOSS)	<u>172,427</u>	<u>(132,294)</u>	<u>40,133</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	3	-	3
Interest expense	(167,858)	(143,409)	(311,267)
Total Nonoperating Revenues (Expenses)	<u>(167,855)</u>	<u>(143,409)</u>	<u>(311,264)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	4,572	(275,703)	(271,131)
Capital grants	-	157,770	157,770
Transfer in	-	143,409	143,409
CHANGE IN NET POSITION	<u>4,572</u>	<u>25,476</u>	<u>30,048</u>
TOTAL NET POSITION, Beginning of year	<u>1,078,824</u>	<u>3,886,896</u>	<u>4,965,720</u>
TOTAL NET POSITION, End of year	<u>\$ 1,083,396</u>	<u>\$ 3,912,372</u>	<u>\$ 4,995,768</u>

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, 2017**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	WATER FUND	AIRPORT AUTHORITY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customer	\$ 2,293,026	\$ 302,661	\$2,595,687
Payments to suppliers	(752,742)	(133,679)	(886,421)
Payments to employees	(584,632)	(86,415)	(671,047)
Net cash provided by (used in) operating activities	<u>955,652</u>	<u>82,567</u>	<u>1,038,219</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(268,863)	(92,700)	(361,563)
Proceeds from capital grants	-	157,769	157,769
Transfers in	-	143,409	143,409
Principal payments on debt	(525,137)	(147,636)	(672,773)
Interest paid	(168,804)	(143,409)	(312,213)
Net cash provided (used) by capital and related financing activities	<u>(962,804)</u>	<u>(82,567)</u>	<u>1,045,371</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	<u>3</u>	<u>-</u>	<u>3</u>
Net cash provided (used) by investing activities	<u>3</u>	<u>-</u>	<u>3</u>
Net increase (decrease) in cash and cash equivalents	(7,149)	-	(7,149)
CASH, Beginning of year	<u>7,749</u>	<u>-</u>	<u>7,749</u>
CASH, End of year	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ 600</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 172,427	\$ (132,294)	\$ 40,133
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	627,626	100,757	728,383
(Increase) decrease in:			
Accounts receivable	(29,683)	(2,048)	(31,731)
Inventory	-	(28,456)	(28,456)
Customer deposits	(7,752)	-	(7,752)
Increase (decrease) in:			
Accounts payable	34,227	(1,742)	32,485
Compensated absences	747	-	747
Other accrued items	(455)	766	311
Deferred revenue	(75,225)	(250)	(75,475)
Interfund payables	<u>233,740</u>	<u>145,834</u>	<u>379,574</u>
Net cash provided by (used in) operating activities	<u>\$ 955,652</u>	<u>\$ 82,567</u>	<u>\$1,038,219</u>

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2017

	AGENCY FUNDS
ASSETS	
Cash	\$ <u>2,434,388</u>
TOTAL ASSETS	\$ <u><u>2,434,388</u></u>
LIABILITIES	
Amount held in trust	\$ <u>2,434,388</u>
TOTAL LIABILITIES	\$ <u><u>2,434,388</u></u>

The accompanying notes are an integral part of this statement.

**PICKENS COUNTY, GEORGIA
 COMPONENT UNITS
 COMBINING STATEMENT OF NET POSITION
 December 31, 2017**

	HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY	TOTAL
ASSETS			
Cash	\$ 352,177	\$ 362,577	\$ 714,754
Capital lease receivable	-	168,000	168,000
Receivables (net of allowance for uncollectibles)	39,735	-	39,735
Inventories	4,252	-	4,252
Non-current assets:			
Capital lease receivable	-	2,688,000	2,688,000
Capital assets:			
Capital assets being depreciated	118,864	-	118,864
Less: accumulated depreciation	<u>(68,894)</u>	<u>-</u>	<u>(68,894)</u>
Capital assets, net of depreciation	<u>49,970</u>	<u>-</u>	<u>49,970</u>
TOTAL ASSETS	<u><u>446,134</u></u>	<u><u>3,218,577</u></u>	<u><u>3,664,711</u></u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension expense	<u>102,662</u>	<u>-</u>	<u>102,662</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>102,662</u></u>	<u><u>-</u></u>	<u><u>102,662</u></u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>548,796</u></u>	<u><u>3,218,577</u></u>	<u><u>3,767,373</u></u>
LIABILITIES			
Accounts payable	50,699	-	50,699
Noncurrent liabilities:			
Due within one year			
Compensated absences payable	6,267	-	6,267
Revenue bonds payable	-	68,870	68,870
Due in more than one year			
Compensated absences payable	6,266	-	6,266
Net pension liability	412,161	-	412,161
Revenue bonds payable	<u>-</u>	<u>1,726,255</u>	<u>1,726,255</u>
TOTAL LIABILITIES	<u><u>475,393</u></u>	<u><u>1,795,125</u></u>	<u><u>2,270,518</u></u>
DEFERRED INFLOWS OF RESOURCES			
Deferred credit for refunding	<u>53,612</u>	<u>958,267</u>	<u>1,011,879</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>53,612</u></u>	<u><u>958,267</u></u>	<u><u>1,011,879</u></u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u><u>529,005</u></u>	<u><u>2,753,392</u></u>	<u><u>3,282,397</u></u>
NET POSITION			
Net investment in capital assets	49,970	-	49,970
Restricted for:			
Public health and welfare	19,109	-	19,109
Unrestricted	<u>(49,288)</u>	<u>465,185</u>	<u>415,897</u>
TOTAL NET POSITION	<u><u>\$ 19,791</u></u>	<u><u>\$ 465,185</u></u>	<u><u>\$ 484,976</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, 2017**

PROGRAM REVENUES.....			NET (EXPENSE) AND CHANGES IN NET POSITION....		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	HEALTH DEPARTMEN T	DEVELOPMENT AUTHORITY	TOTAL
COMPONENT UNITS							
GOVERNMENTAL ACTIVITIES							
Health Department	\$ 588,876	\$ 287,993	\$ 395,696	\$ -	\$ 94,813	\$ -	\$ 94,813
Development Authority	53,865	173,000	-	-	-	119,135	119,135
TOTAL COMPONENT UNITS	<u>\$ 642,741</u>	<u>\$ 460,993</u>	<u>\$ 395,696</u>	<u>\$ -</u>	<u>94,813</u>	<u>119,135</u>	<u>213,948</u>
GENERAL REVENUES							
Unrestricted investment earnings					-	1,118	1,118
TOTAL GENERAL REVENUES AND TRANSFERS					<u>-</u>	<u>1,118</u>	<u>1,118</u>
CHANGES IN NET POSITION							
NET POSITION, Beginning					94,813	120,253	215,066
NET POSITION, Ending					<u>(75,022)</u>	<u>344,932</u>	<u>269,910</u>
					<u>\$ 19,791</u>	<u>\$ 465,185</u>	<u>\$ 484,976</u>

The accompanying notes are an integral part of this statement.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017

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, 2017

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.

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

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017

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 2017 taxes were levied October 4, 2017, and were due December 4, 2017. 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, 2017

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 has one item that qualifies for reporting in this category. The deferred charge in pension expense represents contributions made into the defined benefit pension plan after the measurement date. These contributions will be recognized as pension expense in the next fiscal year.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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:

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.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017

Net Investment in Capital Assets

The "Net investment in capital assets" reported on the government-wide statement of net position as of December 31, 2017 are as follows:

	Governmental Activities	Business-type Activities
Net investment in capital assets		
Cost of capital assets	\$ 67,481,958	\$ 27,381,254
Less accumulated depreciation	(24,420,948)	(9,137,704)
Book value	43,061,010	18,243,550
Less capital related debt	(1,478,785)	(10,226,495)
Net investment in capital assets	\$ 41,582,225	\$ 8,017,055

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 no restricted net position, and no net position 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. \$ 95,537

Capital outlay projects - For unspent funds from LMIG grant, capital leases and other debt 518,329

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. 3,641,894

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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.	43,425
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.	142,763
Subtotal - Restricted for Judicial Programs	<u>186,188</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.	64,270
Sheriff's Special Revenue - to account for funds from seizures to be used for law enforcement activities.	<u>66,596</u>
Subtotal - Restricted for Public Safety Programs	<u>198,692</u>

Housing and Development Programs -

Hotel/Motel Tax Fund - To account for funds received to promote tourism, conventions, and trade shows.	<u>34,494</u>
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Total Restricted Fund Balance	<u><u>\$ 4,675,134</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, 2017

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, 2017, all deposits of the County were insured or collateralized.

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. State statutes require collateral pledged in the amount of 110% of deposits.

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. State statutes require collateral pledged in the amount of 110% of deposits under the single bank pooled method or at least 100% of amounts greater than 20% of the daily pool balance held by any one covered depository under the multibank pooled method.

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

PICKENS COUNTY, GEORGIA
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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, 2017, 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	\$ 22,521	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
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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	\$ 1,246,741	\$ -	\$ -
Accounts	1,240,892	-	250,497
Intergovernmental	<u>276,040</u>	<u>440,730</u>	<u>69,522</u>
Total Gross Receivables	2,763,673	440,730	320,019
Less: Allowance for Uncollectibles	<u>(498,918)</u>	<u>-</u>	<u>-</u>
Total Net Receivables	<u>\$ 2,264,755</u>	<u>\$ 440,730</u>	<u>\$ 320,019</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>\$ 971,341</u>	<u>\$ -</u>	<u>\$ 971,341</u>
Total unearned revenue for governmental funds	<u>\$ 971,341</u>	<u>\$ -</u>	<u>\$ 971,341</u>

Property taxes receivable at December 31, 2017, consist of the following:

<u>Digest Year</u>	<u>General Fund</u>
2017	\$ 888,237
2016	187,708
2015	28,953
2014	19,820
2013	18,445
2012	19,398
2011	26,767
2010	<u>57,413</u>
Total	<u>\$ 1,246,741</u>

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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Receivables as of year-end for the County's enterprise funds, including the applicable allowances for uncollectible accounts are as follows:

	<u>Water Fund</u>	<u>Airport Authority</u>	<u>Total</u>
Receivables:			
Accounts	\$ 264,132	\$ 3,701	\$ 267,833
Total Gross Receivables	264,132	3,701	267,833
Less: Allowance for Uncollectibles	<u>(1,529)</u>	<u>-</u>	<u>(1,529)</u>
Total Net Receivables	<u>\$ 262,603</u>	<u>\$ 3,701</u>	<u>\$ 266,304</u>

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

	<u>Health Department</u>
Receivables:	
Accounts	\$ 39,290
Intergovernmental	445
Total Gross Receivables	39,735
Less: Allowance for Uncollectibles	<u>-</u>
Total Net Receivables	<u>\$ 39,735</u>

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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The lease receivable in the County's component units consisted of the following at December 31, 2017:

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.	\$ 2,856,000
Less: Current portion	<u>(168,000)</u>
Long-term portion	<u><u>\$ 2,688,000</u></u>

At December 31, 2017, scheduled maturities of the lease receivable were the following:

2018	\$ 168,000
2019	168,000
2020	168,000
2021	168,000
2022	168,000
2023 - 2027	840,000
2028 - 2032	840,000
2033 - 2034	<u>336,000</u>
Total maturities of lease receivable	2,856,000
Less interest	<u>(1,066,375)</u>
Total net book value of lease receivable	<u><u>\$ 1,789,625</u></u>

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 6 - CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital asset activity for the year ended December 31, 2017, was as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
Non-Depreciable Assets:					
Land and improvements	\$ 4,244,996	\$ 27,000	\$ -	\$ -	\$ 4,271,996
Construction in progress	<u>9,606</u>	<u>-</u>	<u>-</u>	<u>(9,606)</u>	<u>-</u>
Total non-depreciable capital assets	<u>4,254,602</u>	<u>27,000</u>	<u>-</u>	<u>(9,606)</u>	<u>4,271,996</u>
Depreciable Assets:					
Land improvements	1,013,402	-	-	-	1,013,402
Buildings and improvements	37,429,670	-	-	-	37,429,670
Machinery and equipment	7,321,333	341,524	-	-	7,662,857
Vehicles	8,106,013	585,152	(152,599)	9,606	8,548,172
Infrastructure	<u>8,188,489</u>	<u>367,372</u>	<u>-</u>	<u>-</u>	<u>8,555,861</u>
Total depreciable capital assets	<u>62,058,907</u>	<u>1,294,048</u>	<u>(152,599)</u>	<u>9,606</u>	<u>63,209,962</u>
Less Accumulated Depreciation for:					
Land improvements	539,981	31,467	-	-	571,448
Buildings and improvements	6,701,100	802,585	-	-	7,503,685
Machinery and equipment	4,847,757	500,250	-	-	5,348,007
Vehicles	6,899,588	337,779	(152,599)	-	7,084,768
Infrastructure	<u>3,489,191</u>	<u>423,849</u>	<u>-</u>	<u>-</u>	<u>3,913,040</u>
Total accumulated depreciation	<u>22,477,617</u>	<u>2,095,930</u>	<u>(152,599)</u>	<u>-</u>	<u>24,420,948</u>
Total depreciable capital assets, net	<u>39,581,290</u>	<u>(801,882)</u>	<u>-</u>	<u>9,606</u>	<u>38,789,014</u>
Governmental activities capital assets, net	<u>\$ 43,835,892</u>	<u>\$ (774,882)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,061,010</u>

Additions to governmental activities capital assets for the fiscal year ending December 31, 2017, consist of the following:

Capital Outlay	<u>\$ 1,321,048</u>
Total	<u>\$ 1,321,048</u>
Non-depreciable capital assets additions	\$ 27,000
Depreciable capital assets additions	<u>1,294,048</u>
Total	<u>\$ 1,321,048</u>

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 549,255
Judicial	650,867
Public Safety	2,404
Public Works	677,583
Public Health and Welfare	31,694
Recreation and Culture	107,217
Housing and Development	76,910
Total depreciation expense-governmental activities	<u>\$ 2,095,930</u>

BUSINESS TYPE ACTIVITIES

Capital asset activity for the year ended December 31, 2017, 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>5,998,802</u>	<u>92,700</u>	<u>-</u>	<u>-</u>	<u>6,091,502</u>
Total non-depreciable capital assets	<u>7,689,396</u>	<u>92,700</u>	<u>-</u>	<u>-</u>	<u>7,782,096</u>
Depreciable Assets:					
Land improvements	865,080	-	-	-	865,080
Infrastructure	16,400,684	35,148	-	-	16,435,832
Buildings and improvements	641,509	-	-	-	641,509
Machinery and Furniture	1,072,627	202,753	-	-	1,275,380
Vehicles	<u>350,396</u>	<u>30,961</u>	<u>-</u>	<u>-</u>	<u>381,357</u>
Total depreciable capital assets	<u>19,330,296</u>	<u>268,862</u>	<u>-</u>	<u>-</u>	<u>19,599,158</u>
Less Accumulated Depreciation for:					
Land improvements	374,175	59,981	-	-	434,155
Infrastructure	6,795,014	546,959	-	-	7,341,973
Buildings & Improvements	368,554	26,242	-	-	394,796
Machinery & Furniture	631,715	67,965	-	-	699,681
Vehicles	<u>239,863</u>	<u>27,236</u>	<u>-</u>	<u>-</u>	<u>267,099</u>
Total accumulated depreciation	<u>8,409,321</u>	<u>728,383</u>	<u>-</u>	<u>-</u>	<u>9,137,704</u>
Total depreciable capital assets, net	<u>10,920,975</u>	<u>(459,521)</u>	<u>-</u>	<u>-</u>	<u>10,461,454</u>
Business-type activities capital assets, net	<u>\$18,610,371</u>	<u>\$ (366,821)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$18,243,550</u>

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

Business-type Activities:

Water	\$ 627,626
Airport	<u>100,757</u>
Total depreciation expense-business type activities	<u><u>\$ 728,383</u></u>

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, 2017, 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</u> <u>Authorization</u>	<u>Expended</u> <u>To Date</u>	<u>Contracts</u> <u>in</u> <u>Progress</u>	<u>Authorized</u> <u>Not</u> <u>Obligated</u>	<u>Sources</u>
Business Type Activities:					
North T-Hanger	\$ 1,378,436	\$ 92,700	\$ -	\$ 1,285,736	Airport Authority Loan
Airport Improvements	5,923,726	5,923,727	-	-	FAA Grant/ DA Bonds
Airport Layout Plans	<u>78,594</u>	<u>75,075</u>	<u>-</u>	<u>3,519</u>	FAA Grant/State Grant
Total Business Type Activities	<u><u>\$ 7,380,756</u></u>	<u><u>\$ 6,091,502</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,289,255</u></u>	

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the *Health Department* for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Site Improvements	\$ 11,725	\$ 49,970	\$ -	\$ 61,695
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>49,970</u>	<u>-</u>	<u>118,864</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>\$ 49,970</u>	<u>\$ -</u>	<u>\$ 49,970</u>

NOTE 7 - LONG TERM DEBT

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Notes Payable	\$ 860,092	\$ -	\$ (405,492)	\$ 454,600	\$ 419,057	\$ 35,543
Capital leases	1,080,564	450,000	(506,379)	1,024,185	474,127	550,058
Net OPEB obligation	1,701,073	65,796	(8,272)	1,758,597	-	1,758,597
Net pension liability	3,218,002	4,761,700	(866,021)	7,113,681	-	7,113,681
Landfill postclosure	244,733	120,767	-	365,500	20,000	345,500
Compensated absences	214,950	181,242	(150,465)	245,727	172,009	73,718
Governmental activities long-term liabilities	<u>\$ 7,319,414</u>	<u>\$ 5,579,505</u>	<u>\$ (1,936,629)</u>	<u>\$ 10,962,290</u>	<u>\$ 1,085,193</u>	<u>\$ 9,877,097</u>
Business-type Activities:						
Bonds payable	\$ 10,818,273	\$ -	\$ (630,636)	\$ 10,187,637	\$ 495,000	\$ 9,692,637
Capital Leases	80,995	-	(42,137)	38,858	31,226	7,632
Compensated absences	5,928	4,898	(4,150)	6,676	4,673	2,003
Business-type activities long-term liabilities	<u>\$ 10,905,196</u>	<u>\$ 4,898</u>	<u>\$ (676,923)</u>	<u>\$ 10,233,171</u>	<u>\$ 530,899</u>	<u>\$ 9,702,272</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 \$454,600. This note has annual payments ranging from \$392,093 to \$427,738, with an interest rate of 3.25% and matures in 2019.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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The annual requirements to amortize notes payable outstanding as of December 31, 2017, are as follows:

December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 419,057	\$ 8,680	\$ 427,737
2019	35,543	99	35,642
Total	<u>\$ 454,600</u>	<u>\$ 8,779</u>	<u>\$ 463,379</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, \$308,789 was included in depreciation expense. The balance of these leases at December 31, 2017 is \$1,024,185 for governmental activities.

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:

	<u>Governmental Activities</u>
Machinery and equipment	\$ 458,856
Vehicles	1,714,266
Less: Accumulated Depreciation	<u>(859,670)</u>
Total	<u>\$ 1,313,452</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2017, were as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2018	\$ 492,195
2019	332,971
2020	<u>228,117</u>
Total minimum lease payments	1,053,283
Less: amount representing interest (1.93% - 4.84%)	<u>(29,098)</u>
Present value of minimum lease payments	<u>\$ 1,024,185</u>

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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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, 2017, the outstanding balance is \$6,765,000. This bonds mature in 2029.

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, 2017, the bonds had an outstanding balance of \$3,422,637, with an interest rate of 3.25%. The bonds mature in 2019.

The annual requirements to amortize bonds payable outstanding as of December 31, 2017, are as follows:

December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 495,000	\$ 318,663	\$ 813,663
2019	549,765	293,335	843,100
2020	793,143	286,947	1,080,090
2021	819,550	261,320	1,080,870
2022	846,607	234,726	1,081,333
2023-2027	4,665,968	739,108	5,405,076
2028-2029	<u>2,017,604</u>	<u>71,549</u>	<u>2,089,153</u>
Total	<u>\$ 10,187,637</u>	<u>\$ 2,205,648</u>	<u>\$ 12,393,285</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, \$24,845 was included in depreciation expense. The balance of these leases at December 31, 2017 is \$38,858 for business-type activities.

PICKENS COUNTY, GEORGIA
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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:

	Business-type Activities
Machinery and equipment	\$ 211,948
Less: Accumulated Depreciation	(79,340)
Total	\$ 132,608

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2017, were as follows:

<u>Year Ending December 31,</u>	Governmental Activities
2018	\$ 31,262
2019	7,677
2020	-
Total minimum lease payments	38,939
Less: amount representing interest (1.93% - 4.84%)	(81)
Present value of minimum lease payments	\$ 38,858

DISCRETELY PRESENTED COMPONENT UNITS

Long-term debt activity for the *Health Department* for the year ended December 31, 2017, 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						
Compensated absences	\$ 7,860	\$ 8,603	\$ (3,930)	\$ 12,533	\$ 6,267	\$ 6,266
Net Pension Liability	374,124	65,129	(27,092)	412,161	-	412,161
Total long-term Liabilities	\$ 381,984	\$ 73,732	\$ (31,022)	\$ 424,694	\$ 6,267	\$ 418,427

Long-term debt activity for the *Industrial Development Authority* for the year ended December 31, 2017, 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>
Business-type Activities						
Bonds payable	\$1,860,897	\$ -	\$ (65,772)	\$ 1,795,125	\$ 68,870	\$ 1,726,255
Total long-term liabilities	\$1,860,897	\$ -	\$ (65,772)	\$ 1,795,125	\$ 68,870	\$ 1,726,255

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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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, 2017 is 3.20%. As of December 31, 2017, the outstanding balance is \$1,795,125. This bond will mature in May 2035.

The annual requirements to amortize long-term debt as of December 31, 2017, are as follows:

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	82,787	36,745	119,532
2023-2027	476,061	151,332	627,393
2028-2032	599,293	90,942	690,235
2033-2035	341,636	14,856	356,492
Total	<u>\$ 1,795,125</u>	<u>\$ 459,357</u>	<u>\$ 2,254,482</u>

NOTE 8 - INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of December 31, 2017, is as follows:

	<u>Due To</u>		<u>Due From</u>			<u>Total Due from Other Funds</u>
	General Fund	SPLOST	Other Nonmajor Governmental Funds	Water Fund	Airport Authority	
General Fund	\$ -	\$ 166,814	\$ 123,361	\$ 2,494,313	\$ 795,974	\$ 3,580,462
Nonmajor Governmental Funds	35,459	-	227,035	-	-	262,494
Water Fund	111,230	-	-	-	-	111,230
Total Due to Other Funds	<u>\$ 146,689</u>	<u>\$ 166,814</u>	<u>\$ 350,396</u>	<u>\$ 2,494,313</u>	<u>\$ 795,974</u>	<u>\$ 3,954,186</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
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Interfund transfers as of the year ended December 31, 2017, are as follows:

Transfers Out	Transfers in			
	General Fund	Other Nonmajor Governmental Funds	Airport Authority	Total Transfers Out
General Fund	\$ -	\$ 614,048	\$ 143,409	\$ 757,457
Nonmajor Governmental Funds	<u>572</u>	<u>-</u>	<u>-</u>	<u>572</u>
Total - Transfers in	<u>\$ 572</u>	<u>\$ 614,048</u>	<u>\$ 143,409</u>	<u>\$ 758,029</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, 2017

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 2% 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, 2016, (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	52
Terminated plan participants entitled to but not yet receiving benefits	102
Active employees participating in the Plan	172
Total number of Plan participants	326
Covered compensation for active participants	\$ 6,732,730
Contributions as a percentage of covered payroll	12.86%

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, 2016, 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, 2016 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	4.00% - 6.50%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

The actuarial assumptions used in the 2016 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%	3.07%
Domestic large equities	30.00	1.97
Domestic mid equities	5.00	0.86
Domestic small equities	5.00	0.30
REIT	5.00	0.52
International	15.00	0.47
Multi cap	5.00	0.51
Global allocation	5.00	0.58
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 7.25%. There was a decrease of 0.25% 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, 2017

Change in the Net Pension Liability

	Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2015	\$ 8,636,607	\$ 5,418,605	\$ 3,218,002
Changes for the year:			
Plan Change	3,698,277	-	3,698,277
Service cost	485,085	-	485,085
Interest	634,742	-	634,742
Difference between expected and actual experience	148,184	-	148,184
Assumption Change	471,061	-	471,061
Contribution-employer	-	866,021	(866,021)
Contribution-employee	-	329,750	(329,750)
Net investment income	-	429,014	(429,014)
Benefit payments	(346,769)	(346,769)	-
Administrative expense	-	(38,193)	38,193
Other charges	-	(44,922)	44,922
Net changes	<u>5,090,580</u>	<u>1,194,901</u>	<u>3,895,679</u>
Balances at December 31, 2016	<u>\$ 13,727,187</u>	<u>\$ 6,613,506</u>	<u>\$ 7,113,681</u>

For the year ended December 31, 2017, the County recognized pension expense of \$4,390,299. The required contribution for the year ended December 31, 2017 was \$726,960.

The following presents the County's net pension liability calculated using the discount rate of 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1 % Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's net pension liability	<u>\$ 9,240,259</u>	<u>\$ 7,113,681</u>	<u>\$ 5,355,998</u>

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the County recognized pension expense of \$4,390,299. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 124,663	\$ (54,060)
Changes of assumptions	609,313	-
Net difference between projected and actual earnings on pension plan investments	266,025	-
TOTAL	<u>\$ 1,000,001</u>	<u>\$ (54,060)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2018	\$ (227,243)
2019	(227,243)
2020	(215,633)
2021	(136,948)
2022	(109,386)
Thereafter	(29,487)

DEFINED CONTRIBUTION PLAN

Plan Description

The County contributes to the Association of County Commissioners of Georgia (ACCG) Defined Contribution Plan for Pickens County Employees (Plan A), a public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. Plan A was established by the County in January 2016 pursuant to Section 401(a) of the Internal Revenue Code of 1986 as a Money-Purchase Plan and Trust. At the inception of Plan A, the Defined Contribution Plan excepted all employees with an employment commencement date prior to January 1, 2016. Plan A issues a stand alone report. It may be obtained from: Pension Services Company, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

All full-time County employees are eligible to participate in the Plan A the first day of the first pay

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

period beginning on or the date the participant first meets the eligibility requirements. Benefits vest after five years of service. The County contributes 50% on amounts participants contribute to the 457(b) Eligible Deferred Compensation Plan. The maximum matching contribution shall be no more than 2.5% of compensation. A participant becomes eligible to retire at the normal retirement age of 65. Any participant leaving the plan before vesting “forfeits” the County’s matching contribution to Plan A.

Funding Policy

Contributions totaling \$79,924 (\$18,319 employer and \$53,605 employee) were made in accordance with the Plan A guidelines and the designations by County Employees.

DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Because the assets are held in trust for the employees, they are not assets of the County and are not reported in these financial statements.

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.

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. Actuarial valuations are performed every two years.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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's contributions to the OPEB Plan for the years ended December 31, 2017, 2016, and 2015 were \$8,272, \$-, and \$- respectively, and were 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>	<u>Actuarial Accrued Liability (AAL) - Projected Unit Credit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
2016	\$ -	\$885,748	\$ 885,748	-%	\$ 1,761,075	50.3 %

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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>
2017	\$ 65,796	\$ 8,272	12.6 %	\$ 1,758,597
2016	\$ 103,738	\$ -	- %	\$ 1,701,073
2015	\$ 108,193	\$ -	- %	\$ 1,597,335

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, 2017. 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 Dollar (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	7.75% per annum
Ultimate Cost Rate	5.00% per annum
Year of Ultimate Trend Rate	2022
Inflation	3.00%

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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	\$ 92,343
Interest on net OPEB obligation	68,043
Amortization of net OPEB obligation	<u>(94,590)</u>
Annual OPEB cost	65,796
Contribution made	<u>(8,272)</u>
Increase (decrease) in Net OPEB Obligation	57,524
Net OPEB obligation, beginning of Plan year	<u>1,701,073</u>
Net OPEB obligation, end of Plan year	<u><u>\$ 1,758,597</u></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, 2017

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, 2017, 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, 2017, 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, 2017

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, 2017:

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, 2017.

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, 2017, 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 2017. As a result, no balance sheet or income statement is presented in the audited financial statements of Pickens County at December 31, 2017.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017, the County paid \$25,322 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, 2017.

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, 2017

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, 2017, the County has recorded a liability for its solid waste landfill of \$365,500, 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 2017. 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, 2017, 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.

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.

PICKENS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017, the County had receipts of \$62,938 and spent \$50,180 to promote tourism, conventions, and trade shows. The total expenditures represent 80% 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, 2017, the County restated its financial statements for the year ended December 31, 2016.

The restatement was a result of the following:

Governmental Funds

General Fund

To remove interfund activity from previous years.	<u>\$ (317,652)</u>
Net increase in General Fund Balance	<u>(317,652)</u>

Restricted Program Fund (Non Major)

To remove interfund activity from previous years.	<u>397,145</u>
Net decrease in Non Major Fund balance	<u>397,145</u>
Net decrease in Governmental Fund balance	<u><u>79,493</u></u>

Governmental Activities

To restate the 2016 ending balance of the deferred outflows and inflows related to pension expense.	<u>(545,503)</u>
Net increase in Governmental Activities net position	<u>(545,503)</u>

Net increase in entity wide net position	<u><u>\$ (466,010)</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, 2017
“Unaudited”**

<u>For the Year Ended December 31,</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net pension liability	\$ 7,113,681	\$ 3,218,002	\$ 2,670,675
Covered-employee payroll	\$ 6,732,730	\$ 6,261,763	\$ 6,455,121
Net pension liability as a percentage of its covered-employee payroll	105.66%	51.39%	41.37%
Plan fiduciary net position as a percentage of the total pension liability	48.20%	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, 2017
“Unaudited”**

<u>For the Year Ended December 31,</u>	<u>2017</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	\$ 726,960	\$ 556,622	\$ 565,792	\$ 547,417	\$ 519,277	\$ 481,354	\$ 479,261	\$ 396,496
Contributions in relation to the contractually required contribution	866,021	576,852	604,422	551,249	519,277	481,354	447,823	164,546
Contribution deficiency (excess)	<u>\$ (139,061)</u>	<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	\$6,732,730	\$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	12.86%	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, 2017
"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, 2017 reported in that schedule:

Valuation Date	December 31, 2016
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% - 6.50%, including inflation
Investment rate of return	7.25%, 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, 2017
"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, 2017
(Required Supplementary Information)

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 8,015,260	\$ 8,015,260	\$ 8,015,260	\$ -
RESOURCES (INFLOWS)				
Taxes	17,843,300	17,843,300	17,490,889	(352,411)
Licenses and permits	335,000	414,000	413,660	(340)
Intergovernmental	1,924,059	2,466,044	2,450,588	(15,456)
Fines and forfeitures	397,000	397,000	303,313	(93,687)
Charges for services	4,014,600	4,014,600	3,611,856	(402,744)
Contributions and donations	-	-	7,549	7,549
Investment income	16,100	16,100	9,081	(7,019)
Miscellaneous	39,500	75,562	86,650	11,088
Sale of county property	-	3,715	14,690	10,975
Capital lease proceeds	200,000	200,000	-	(200,000)
Transfers in	-	-	572	572
Total Resources (Inflows)	<u>24,769,559</u>	<u>25,430,321</u>	<u>24,388,848</u>	<u>(1,041,473)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>32,784,819</u>	<u>33,445,581</u>	<u>32,404,108</u>	<u>(1,041,473)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Board of commissioners	167,944	167,944	155,397	12,547
General administration	1,007,477	765,018	638,504	126,514
County clerk	143,738	143,738	131,324	12,414
Elections	206,801	206,801	186,674	20,127
Finance	370,207	370,207	362,051	8,156
Law	180,000	180,000	163,746	16,254
Human resources	90,346	90,346	86,242	4,104
Tax commissioner	551,320	551,320	535,335	15,985
Tax assessor	577,773	577,773	553,192	24,581
Buildings	376,101	492,101	491,458	643
Agencies	30,300	30,300	25,322	4,978
Board of equalization	7,675	7,675	5,914	1,761
Total General Government	<u>3,709,682</u>	<u>3,583,223</u>	<u>3,335,159</u>	<u>248,064</u>
Judicial				
Judicial Administration	343,718	213,718	175,712	38,006
Superior court	222,251	222,251	174,034	48,217
Clerk of Superior court	558,280	562,880	550,286	12,594
District attorney	500,411	522,911	522,899	12
Magistrate court	444,658	444,658	419,936	24,722
Probate court	447,193	456,193	398,891	57,302
Juvenile court	400,023	400,023	313,370	86,653
Public defender	664,999	664,999	615,350	49,649
Total Judicial	<u>3,581,533</u>	<u>3,487,633</u>	<u>3,170,478</u>	<u>317,155</u>
Public Safety				
Sheriff	3,611,631	3,636,770	3,636,406	364
Jail operation	2,512,415	2,743,915	2,743,419	496
Court services	102,663	102,663	95,142	7,521
Fire	4,620,623	4,627,684	4,004,546	623,138
Coroner/Medical Examiner	53,275	53,275	47,299	5,976
E-911/Communications center	651,830	651,830	573,767	78,063
School resource officers	267,020	287,520	287,265	255
Emergency Management Agency	167,646	167,646	165,217	2,429
Animal control	245,306	245,306	217,672	27,634
Total Public Safety	<u>12,232,409</u>	<u>12,516,609</u>	<u>11,770,733</u>	<u>745,876</u>

PICKENS COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2017
(Required Supplementary Information)

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
CONTINUED.....				
Public Works				
Roadways and walkways	2,176,143	2,559,564	2,380,233	179,331
Solid waste and recycling	543,091	543,091	471,667	71,424
Maintenance and shop	<u>121,220</u>	<u>126,220</u>	<u>76,881</u>	<u>49,339</u>
Total Public Works	<u>2,840,454</u>	<u>3,228,875</u>	<u>2,928,781</u>	<u>300,094</u>
Public Health and Welfare				
Health department	2,750	2,750	1,715	1,035
Public health and welfare	119,366	119,366	108,951	10,415
Senior citizens center	23,625	23,625	23,343	282
Community Center	427,738	463,738	426,508	37,230
Transportation services	<u>221,718</u>	<u>273,718</u>	<u>273,569</u>	<u>149</u>
Total Public Health and Welfare	<u>795,197</u>	<u>883,197</u>	<u>834,086</u>	<u>49,111</u>
Recreation and Culture				
Parks and recreation	630,146	630,146	623,778	6,368
Library	<u>300,965</u>	<u>300,965</u>	<u>300,516</u>	<u>449</u>
Total Recreation and Culture	<u>931,111</u>	<u>931,111</u>	<u>924,294</u>	<u>6,817</u>
Housing and development				
Extention office	62,175	62,275	62,245	30
Planning and zoning	403,079	392,682	352,801	39,881
County marshall	98,343	98,343	81,082	17,261
Economic development	<u>56,273</u>	<u>56,273</u>	<u>56,268</u>	<u>5</u>
Total Housing and Development	<u>619,870</u>	<u>609,573</u>	<u>552,396</u>	<u>57,177</u>
Transfers out	<u>55,000</u>	<u>185,000</u>	<u>184,391</u>	<u>609</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>24,765,256</u>	<u>25,425,221</u>	<u>23,700,318</u>	<u>1,724,903</u>
CHANGE IN FUND BALANCE	<u>4,303</u>	<u>5,100</u>	<u>688,530</u>	<u>683,430</u>
FUND BALANCE, End of year	<u>\$ 8,019,563</u>	<u>\$ 8,020,360</u>	<u>\$ 8,703,790</u>	<u>\$ 683,430</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, 2017**

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	\$ 21,128	\$ 76,169	\$ -	\$ 55,976	\$ 52,632	\$ 242,452	\$ 448,357
Investments	22,521	-	-	-	-	-	22,521
Receivables (net of allowance for uncollectibles)	-	-	74,508	21,099	4,382	220,030	320,019
Interfund receivables	-	-	-	20,042	-	242,452	262,494
TOTAL ASSETS	<u>\$ 43,649</u>	<u>\$ 76,169</u>	<u>\$ 74,508</u>	<u>\$ 97,117</u>	<u>\$ 57,014</u>	<u>\$ 704,934</u>	<u>\$ 1,053,391</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ 9,573	\$ -	\$ 269	\$ 22,520	\$ 179,579	\$ 211,941
Other accrued items	-	-	-	32,578	-	39,102	71,680
Interfund payables	224	-	6,682	-	-	343,490	350,396
TOTAL LIABILITIES	<u>224</u>	<u>9,573</u>	<u>6,682</u>	<u>32,847</u>	<u>22,520</u>	<u>562,171</u>	<u>634,017</u>
FUND BALANCES							
Restricted:							
Judicial programs	43,425	-	-	-	-	142,763	186,188
Public safety programs	-	66,596	67,826	64,270	-	-	198,692
Housing and development programs	-	-	-	-	34,494	-	34,494
TOTAL FUND BALANCES	<u>43,425</u>	<u>66,596</u>	<u>67,826</u>	<u>64,270</u>	<u>34,494</u>	<u>142,763</u>	<u>419,374</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 43,649</u>	<u>\$ 76,169</u>	<u>\$ 74,508</u>	<u>\$ 97,117</u>	<u>\$ 57,014</u>	<u>\$ 704,934</u>	<u>\$ 1,053,391</u>

PICKENS COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	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	\$ -	\$ -	\$ -	\$ -	\$ 62,938	\$ -	\$ -	\$ 62,938
Intergovernmental	-	-	-	221,018	-	1,861,064	308,103	2,390,185
Fines and forfeitures	15,386	21,147	-	10,055	-	541,645	-	588,233
Charges for services	-	79,741	572,913	-	-	281,823	-	934,477
Contributions and donations	-	7,857	-	-	-	7,360	-	15,217
Investment income	210	173	-	69	152	772	-	1,376
Miscellaneous	-	-	42	12,804	-	2,750	-	15,596
TOTAL REVENUES	15,596	108,918	572,955	243,946	63,090	2,695,414	308,103	4,008,022
EXPENDITURES								
Current Expenditures								
Judicial	10,702	-	-	-	-	1,951,609	-	1,962,311
Public safety	-	65,273	1,067,908	135,331	-	-	-	1,268,512
Public health and welfare	-	-	-	-	-	252,247	308,103	560,350
Housing and development	-	-	-	-	8,915	-	-	8,915
Intergovernmental	6,080	-	-	138,821	50,180	372,255	-	567,336
Capital outlay	-	46,646	-	-	-	-	-	46,646
Principal	-	-	73,200	-	-	-	-	73,200
Interest	-	-	4,913	-	-	-	-	4,913
TOTAL EXPENDITURES	16,782	111,919	1,146,021	274,152	59,095	2,576,111	308,103	4,492,183
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,186)	(3,001)	(573,066)	(30,206)	3,995	119,303	-	(484,161)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	573,066	30,982	-	10,000	-	614,048
Transfers out	-	-	-	-	-	(572)	-	(572)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	573,066	30,982	-	9,428	-	613,476
NET CHANGE IN FUND BALANCES	(1,186)	(3,001)	-	776	3,995	128,731	-	129,315
FUND BALANCES, Beginning of year	44,611	69,597	67,826	63,494	30,499	411,177	-	687,204
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	(397,145)	-	(397,145)
FUND BALANCES, Beginning of year, restated	44,611	69,597	67,826	63,494	30,499	14,032	-	290,059
FUND BALANCES, End of year	<u>\$ 43,425</u>	<u>\$ 66,596</u>	<u>\$ 67,826</u>	<u>\$ 64,270</u>	<u>\$ 34,494</u>	<u>\$ 142,763</u>	<u>\$ -</u>	<u>\$ 419,374</u>

PICKENS COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
LAW LIBRARY SPECIAL REVENUE FUND
For the Year Ended December 31, 2017

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 44,611	\$ 44,611	\$ 44,611	\$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	16,500	16,500	15,386	(1,114)
Investment income	(500)	500	210	(290)
Total Resources (Inflows)	<u>16,000</u>	<u>17,000</u>	<u>15,596</u>	<u>(1,404)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>60,611</u>	<u>61,611</u>	<u>60,207</u>	<u>(1,404)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	17,000	17,000	16,782	218
TOTAL CHARGES TO APPROPRIATIONS	<u>17,000</u>	<u>17,000</u>	<u>16,782</u>	<u>218</u>
CHANGE IN FUND BALANCE	<u>(1,000)</u>	<u>-</u>	<u>(1,186)</u>	<u>(1,186)</u>
FUND BALANCE, End of year	<u>\$ 43,611</u>	<u>\$ 44,611</u>	<u>\$ 43,425</u>	<u>\$ (1,186)</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, 2017

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 69,597	\$ 69,597	\$ 69,597	\$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	22,000	22,000	21,147	(853)
Charges for services	82,000	82,000	79,741	(2,259)
Contributions and donations	8,000	8,000	7,857	(143)
Investment income	-	-	173	173
Total Resources (Inflows)	<u>112,000</u>	<u>112,000</u>	<u>108,918</u>	<u>(3,082)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>181,597</u>	<u>181,597</u>	<u>178,515</u>	<u>(3,082)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	<u>112,000</u>	<u>112,000</u>	<u>111,919</u>	<u>81</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>112,000</u>	<u>112,000</u>	<u>111,919</u>	<u>81</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(3,001)</u>	<u>(3,001)</u>
FUND BALANCE, End of year	<u>\$ 69,597</u>	<u>\$ 69,597</u>	<u>\$ 66,596</u>	<u>\$ (3,001)</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, 2017

	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	595,300	595,300	572,913	(22,387)
Miscellaneous	-	-	42	42
Transfer in	-	551,000	573,066	22,066
Total Resources (Inflows)	<u>595,300</u>	<u>1,146,300</u>	<u>1,146,021</u>	<u>(279)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>663,126</u>	<u>1,214,126</u>	<u>1,213,847</u>	<u>(279)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	<u>595,300</u>	<u>1,146,300</u>	<u>1,146,021</u>	<u>279</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>595,300</u>	<u>1,146,300</u>	<u>1,146,021</u>	<u>279</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 67,826</u>	<u>\$ 67,826</u>	<u>\$ 67,826</u>	<u>\$ -</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
DRUG TASK FORCE SPECIAL REVENUE FUND
For the Year Ended December 31, 2017

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 63,494	\$ 63,494	\$ 63,494	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	222,000	222,000	221,018	(982)
Fines and forfeitures	10,000	10,000	10,055	55
Investment income	-	-	69	69
Miscellaneous	13,000	13,000	12,804	(196)
Transfer in	30,000	30,000	30,982	982
Total Resources (Inflows)	<u>275,000</u>	<u>275,000</u>	<u>274,928</u>	<u>(72)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>338,494</u>	<u>338,494</u>	<u>338,422</u>	<u>(72)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	275,000	275,000	274,152	848
TOTAL CHARGES TO APPROPRIATIONS	<u>275,000</u>	<u>275,000</u>	<u>274,152</u>	<u>848</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>776</u>	<u>776</u>
FUND BALANCE, End of year	<u>\$ 63,494</u>	<u>\$ 63,494</u>	<u>\$ 64,270</u>	<u>\$ 776</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, 2017

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 30,499	\$ 30,499	\$ 30,499	\$ -
RESOURCES (INFLOWS)				
Taxes	60,000	60,000	62,938	2,938
Investment income	-	-	152	152
Total Resources (Inflows)	<u>60,000</u>	<u>60,000</u>	<u>63,090</u>	<u>3,090</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>90,499</u>	<u>90,499</u>	<u>93,589</u>	<u>3,090</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Housing and development	60,000	60,000	59,095	905
TOTAL CHARGES TO APPROPRIATIONS	<u>60,000</u>	<u>60,000</u>	<u>59,095</u>	<u>905</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>3,995</u>	<u>3,995</u>
FUND BALANCE, End of year	<u>\$ 30,499</u>	<u>\$ 30,499</u>	<u>\$ 34,494</u>	<u>\$ 3,995</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, 2017

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 411,177	\$ 411,177	\$ 411,177	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	490,102	1,333,202	1,861,064	527,862
Fines and forfeitures	276,836	553,836	541,645	(12,191)
Charges for services	329,083	329,083	281,823	(47,260)
Contributions and donations	-	-	7,360	7,360
Investment income	-	-	772	772
Miscellaneous	-	-	2,750	2,750
Transfer in	-	-	10,000	10,000
Total Resources (Inflows)	<u>1,096,021</u>	<u>2,216,121</u>	<u>2,705,414</u>	<u>489,293</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,507,198</u>	<u>2,627,298</u>	<u>3,116,591</u>	<u>489,293</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	1,096,021	1,963,021	1,951,609	11,412
Public health and welfare	-	252,500	252,247	253
Intergovernmental	12,000	373,000	372,255	745
Transfers out	-	600	572	28
TOTAL CHARGES TO APPROPRIATIONS	<u>1,108,021</u>	<u>2,589,121</u>	<u>2,576,683</u>	<u>12,438</u>
CHANGE IN FUND BALANCE	(12,000)	(373,000)	128,731	501,731
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>(397,145)</u>	<u>(397,145)</u>
FUND BALANCE, End of year	<u>\$ 399,177</u>	<u>\$ 38,177</u>	<u>\$ 142,763</u>	<u>\$ 104,586</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, 2017

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	309,000	309,000	308,103	(897)
Total Resources (Inflows)	<u>309,000</u>	<u>309,000</u>	<u>308,103</u>	<u>(897)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>309,000</u>	<u>309,000</u>	<u>308,103</u>	<u>(897)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public health and welfare	309,000	309,000	308,103	897
TOTAL CHARGES TO APPROPRIATIONS	<u>309,000</u>	<u>309,000</u>	<u>308,103</u>	<u>897</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
December 31, 2017

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash	\$ 1,021,297	\$ 1,063,826	\$ 34,312	\$ 249,233	\$ 65,720	\$ 2,434,388
TOTAL ASSETS	<u>\$ 1,021,297</u>	<u>\$ 1,063,826</u>	<u>\$ 34,312</u>	<u>\$ 249,233</u>	<u>\$ 65,720</u>	<u>\$ 2,434,388</u>
LIABILITIES						
Amounts held in trust	\$ 1,021,297	\$ 1,063,826	\$ 34,312	\$ 249,233	\$ 65,720	\$ 2,434,388
TOTAL LIABILITIES	<u>\$ 1,021,297</u>	<u>\$ 1,063,826</u>	<u>\$ 34,312</u>	<u>\$ 249,233</u>	<u>\$ 65,720</u>	<u>\$ 2,434,388</u>

PICKENS COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended December 31, 2017

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF	TOTAL
ASSETS						
Cash						
Balance, January 1, 2017	\$ 878,160	\$ 1,151,069	\$ 46,077	\$ 253,519	\$ 50,584	\$ 2,379,409
Additions	40,749,383	1,530,061	398,234	291,218	395,736	43,364,632
Deductions	<u>(40,606,246)</u>	<u>(1,617,304)</u>	<u>(409,999)</u>	<u>(295,504)</u>	<u>(380,600)</u>	<u>(43,309,653)</u>
Balance, December 31, 2017	<u>1,021,297</u>	<u>1,063,826</u>	<u>34,312</u>	<u>249,233</u>	<u>65,720</u>	<u>2,434,388</u>
TOTAL ASSETS	<u>\$ 1,021,297</u>	<u>\$ 1,063,826</u>	<u>\$ 34,312</u>	<u>\$ 249,233</u>	<u>\$ 65,720</u>	<u>\$ 2,434,388</u>
LIABILITIES						
Due to County						
Balance, January 1, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	12,133,148	794,543	266,266	58,351	614,399	13,866,707
Deductions	<u>(12,133,148)</u>	<u>(794,543)</u>	<u>(266,266)</u>	<u>(58,351)</u>	<u>(614,399)</u>	<u>(13,866,707)</u>
Balance, December 31, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts held in trust						
Balance, January 1, 2017	878,160	1,151,069	46,077	253,519	50,584	2,379,409
Additions	28,616,235	735,518	131,968	232,867	(218,663)	29,497,925
Deductions	<u>(28,473,098)</u>	<u>(822,761)</u>	<u>(143,733)</u>	<u>(237,153)</u>	<u>233,799</u>	<u>(29,442,946)</u>
Balance, December 31, 2017	<u>1,021,297</u>	<u>1,063,826</u>	<u>34,312</u>	<u>249,233</u>	<u>65,720</u>	<u>2,434,388</u>
Total Liabilities						
Balance, January 1, 2017	878,160	1,151,069	46,077	253,519	50,584	2,379,409
Additions	40,749,383	1,530,061	398,234	291,218	395,736	43,364,632
Deductions	<u>(40,606,246)</u>	<u>(1,617,304)</u>	<u>(409,999)</u>	<u>(295,504)</u>	<u>(380,600)</u>	<u>(43,309,653)</u>
Balance, December 31, 2017	<u>1,021,297</u>	<u>1,063,826</u>	<u>34,312</u>	<u>249,233</u>	<u>65,720</u>	<u>2,434,388</u>
TOTAL LIABILITIES	<u>\$ 1,021,297</u>	<u>\$ 1,063,826</u>	<u>\$ 34,312</u>	<u>\$ 249,233</u>	<u>\$ 65,720</u>	<u>\$ 2,434,388</u>

PICKENS COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended December 31, 2017

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	\$ 3,862,187	\$ 1,991,594
Capital Improvements				
Public Safety	5,987,000	5,987,000	1,115,037	587,810
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	1,564,353	898,056
City of Nelson	729,000	729,000	190,069	109,114
City of Talking Rock	66,000	66,000	17,208	9,878
Total 2014 Projects	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>	<u>\$ 6,848,854</u>	<u>\$ 3,596,452</u>

PICKENS COUNTY, GEORGIA
Reconciliation of Expenditures for SPLOST
Year Ended December 31, 2017

Statement of Revenues, Expenditures and Changes in Fund Balance (page 5)		
	Expenditures	\$ 3,596,452
Expenditures reported on Splost schedule		<u><u>\$ 3,596,452</u></u>
Schedule of Projects Constructed With Special Purpose Local Option Sales Tax (page 67)		
	2014 SPLOST	\$ 3,596,452
Total		<u><u>\$ 3,596,452</u></u>

**PICKENS COUNTY, GEORGIA
 SCHEDULE OF STATE CONTRACTUAL ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2017**

<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	93-181800114	\$ 48,500	\$ 48,500	\$ 23,817

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, 2017

FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	PROGRAM OR AWARD AMOUNT	Expenditures
<u>U.S. DEPARTMENT OF DEFENSE</u>				
Procurement Technical Assistance for Business Firms	12.002	Mobile Command Unit	\$ 550	\$ 550
Total U.S. Department of Defense			550	550
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Passed-through the Council of Juvenile Court Judges				
Prosecution Based VOCA Program - CJCC	16.575	C16-8-001	115,469	72,558
Prosecution Based VOCA Program - CJCC	16.575	C16-8-207	115,469	21,253
CASA	16.575	2015-VA-GX-0057 Subgrant #C15-8-295	56,454	56,454
CASA	16.575	2016-VA-GX-0023 Subgrant #C16-8-110	132,173	7,549
			419,565	157,814
BJA Adult Drug Court Discretionary Grant	16.585	Q15-8-001	48,493	45,516
2015 Edward Byrne Memorial Justice Assistance	16.751	2016-DJ-BX-0104	159,055	159,055
Bulletproof Vest Partnership Program	16.607	2017	7,282	7,282
Total U.S. Department of Justice			634,395	369,667
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Passed through Georgia Department of Transportation				
Transit Operating Assistance Grant	20.509	GA-18-x031 (Capital Grant - Vehicles)	76,845	76,845
Transit Operating Assistance Grant	20.509	Project T005919	53,919	53,919
Transit Operating Assistance Grant	20.509	Project T006190	54,135	54,135
			184,899	184,899
Airport Improvement Program	20.106	Division of Intermodal - Aviation Project	150,000	150,000
Total U.S. Department of Transportation			334,899	334,899
<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-17-081	74,657	55,920
Promoting Safe and Stable Families Program	93.556	DHS Contract # 42700-040C-PSSF-17-082	33,273	23,217
Promoting Safe and Stable Families Program	93.556	DHS Contract # 42700-040C-PPF-18-116	74,996	21,713
Promoting Safe and Stable Families Program	93.556	DHS Contract # 42700-040C-PPF-18-117	42,141	7,852
Promoting Safe and Stable Families Program	93.556	SoN # 9072	46,926	33,665
Promoting Safe and Stable Families Program	93.556	SoN # 10309	49,257	9,223
Total U.S. Department of Health and Human Services			321,250	151,590
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>				
Hazard Mitigation Grant Program	97.039	HMGP 4215-0010	185,738	185,738
			185,738	185,738
Total Federal Emergency Management Agency			185,738	185,738
GRAND TOTALS			\$ 1,476,832	\$ 1,042,444

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 25, 2018

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, 2017, which collectively comprise the PICKENS COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated June 25, 2018. Our report includes a reference to other auditors who 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 2017-01, 2017-02, 2017-03, 2017-04, and 2017-05 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.

Purpose of this Report

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

Baker, Carter & Co., LLP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE

June 25, 2018

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, 2017. 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, 2017.

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, 2017

- I** **SUMMARY OF AUDITORS' RESULTS:**
1. Report issued on Financial Statements – Unmodified opinion.
 2. Compliance (financial statements) – Unmodified opinion.
 3. Internal Control (financial statements) – Five significant deficiencies.
 4. Compliance (major programs) – Unmodified 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 – Hazard Mitigation Grant, CFDA 97.039; 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 – Yes.

II AUDIT FINDINGS - GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

Finding Number

SIGNIFICANT DEFICIENCY

MAGISTRATE COURT

2017-01

Statement of Condition:

This is a reissue from the prior year. 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:

After review of the 2016 audit finding, the Chief Judge implemented a change in the Standing Order for Financial Administration. The proof of deposit was removed from the front window clerks and taken in as a back-office process. This change has enabled the deposit to be proofed to the correct account and has reduced errors made in the deposit process. At the same time, a comprehensive lookback is underway to identify deposits made to incorrect accounts. This process is a long and tedious process that involves proofing the deposit process back to 2015. Simultaneous to these physical proof changes, we worked with our case management vendor to build reporting capability to that better reflects the detail necessary to ensure compliance.

With these steps having been taken in mediation, we feel that the funds can and are being more accurately reconciled.

TAX COMMISSIONER

2017-02

Statement of Condition:

During testing, we noted that the bank reconciliation for the General Fund Account was not reconciled for the fiscal year 2017.

Criteria:

An accurate bank reconciliation should be performed on a monthly basis.

Effect of Condition:

The risk of misappropriation and fraud increases when cash is not timely and accurately reconciled on a monthly basis.

Cause of Condition:

Unknown.

Recommendation:

We recommend the Tax Commissioner's QuickBooks file be updated to reflect current and appropriate bank reconciliations for fiscal year 2017 and going forward. Also, that an additional monthly procedure of reviewing the bank reconciliation is implemented.

Response:

The duties for deposits and reconciliation are now being handled by our Accounting Technician with an updated version of Quick Books. This will reduce the potential for errors doing balancing sheets daily and through a system that our network supports and provides a formula to work from. With the change of delegation and using more up to date software that is more compatible with our existing set up and vendors we feel this will now meet the standard needed.

2017-03

Statement of Condition:

During testing, we noted that checks were not issued sequentially.

Criteria:

To ensure reliable accounting records checks should be issued in a sequential order.

Effect of Condition:

The risk of misappropriation and fraud increases when checks are out of order

Cause of Condition:

Unknown.

Recommendation:

We recommend the Tax Commissioner's office implement the control process of issuing checks in order and review the check register monthly.

Response:

Due to cross training and learning how to disburse and print checks through the ledger we had misprints and would void the check and pull from the next in line. There were times we flagged as the next check in line when truly it should have been processed as an E-Check. The check would then be marked VOID written across the front of the check and kept in a binder. Since then we have stated the importance of keeping in line to the best of our ability and keep a daily ledger instead of filing in a binder showing all checks in sequential order. This too will now be done through our new software.

2017-04

Statement of Condition:

During testing, we noted that several checks did not have two signatures.

Criteria:

All check signing policies should be followed.

Effect of Condition:

The risk of misappropriation and fraud increases when policies are not followed.

Cause of Condition:

Unknown.

Recommendation:

We recommend that the Tax Commissioner's office follows the policy regarding two signors for each check issued and that Tax Commissioner reviews all checks being issued to make sure the policy is met.

Response:

The Tax Office already has the policy of two signatures on every check regardless the amount of the check. Due to human error we had several that were put transit minus a signature. We have since then re-reminded the office the importance of both signatures. Our Chief Deputy Tax Commissioner or Deputy Tax Commissioner are now the third set of eyes to proof both signatures are on each check before being put in transit.

SOLID WASTE

2017-05

Statement of Condition:

The Solid Waste department has not implemented internal controls to ensure that waste received was charged appropriately, receipted accurately, and cash remitted timely to the Finance Department for deposit.

Criteria:

To ensure proper controls over cash, receipts should be issued.

Effect of Condition:

The risk of misappropriation and fraud increases with no internal controls.

Cause of Condition:

Unknown.

Recommendation:

The implementation of a ticketing system or other form of record-keeping such as an Excel spreadsheet or a daily log book (with pre-numbered receipt numbers) of transactions would enable the Department to record the receipts taken daily at the facilities.

Response:

The Public Works Director and Finance Department are working together to establish and implement internal controls to ensure that processes are followed for accurate receipting, reporting and remitting to Finance for deposit.

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, 2017.