

TOWNS COUNTY, GEORGIA
HIAWASSEE, GEORGIA

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL MATERIAL

FOR THE YEAR ENDED
DECEMBER 31, 2016

TOWNS COUNTY, GEORGIA
FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

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For the Year Ended December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the County Commissioner
Towns County, Georgia

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Towns County Health Department, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Other auditors audited those financial statements. They have furnished their report thereon to us and we base our opinion, insofar as it relates to the amounts included for Towns County Health Department, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of December 31, 2016, and the respective changes in financial position, 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 on pages 3-8, budgetary comparison information on pages 29-30 and the notes to required supplementary information on page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements on pages 32-35 and the schedule of projects constructed with special sales tax proceeds on page 36 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial schedules and schedule of projects constructed with special sales tax proceeds 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 16, 2017, on our consideration of Towns County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Towns County, Georgia's internal control over financial reporting and compliance.

Alexander, Almand & Bangs, LLP

Alexander, Almand and Bangs, LLP
Gainesville, Georgia
June 16, 2017

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2016

Management's discussion and analysis provides an objective and easily readable analysis of the Government's financial activities for the year ended December 31, 2016. The analysis provides summary financial information for Towns County and should be read in conjunction with the Government's financial statements.

FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities at the close of the fiscal year by \$ 25,426,377 (net position).
- The government's total net position increased \$ 1,816,533 for the current year, a 7.1% increase. The increase occurred due to continued practice of the conservative fiscal policies adopted by the former County Commissioner. As the County begins to experience a slight economic rejuvenation, the newly elected County Commissioner will continue these policies to maintain the financial health of the County. The increase can also be attributed to the SPLOST referendum that was passed and began in 2011. The referendum has provided additional funding for much needed capital expenditures. The SPLOST referendum will end June 30, 2017.
- The greatest portion of the County's general fund operating reserves have been invested in long-term Certificates of Deposits (CD's). The reserves were placed into CD's because the CD's will generate more interest income due to their higher interest rates. Any remaining reserves, the SPLOST fund, and the nonmajor funds are held in interest bearing bank accounts when applicable. These accounts provided the County with \$ 24,426 of interest income during the 2016 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Government's basic financial statements comprise three components: **1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements.** The **Government-wide financial statements** present an overall picture of the Government's financial position and results of operations. The **Fund financial statements** present financial information for the Government's major funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

The **Government-wide financial statements** are the Statement of Net Position and the Statement of Activities. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental Activities are primarily supported by property taxes, sales taxes, other taxes, and federal and state grants, fines, and charges for services.

The statement of net position present the County's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time the change in net position is an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition.

The statement of activities present the revenues and expenditures of the County. The difference between these is the change in net position for the year.

Both of the government-wide financial statements identify the various functions of Towns County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through charges and user fees. The governmental activities of Towns County include general government, public safety, court system, health and welfare, recreation and culture, public works, housing and development.

The government-wide financial statements include not only Towns County, Georgia itself (known as the primary government), but also a legally separate Towns County Health Department, a component unit of the County. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2016

Fund Financial Statements. 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. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Towns County can be divided into two categories: governmental funds and fiduciary funds. These statements provide financial information for the major funds of Towns County. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures) and current available resources.

Fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all governmental funds. A statement of revenues, expenditures, and changes in fund balances is provided for the Government's General Fund.

Fund financial statements provide more detailed information about the Government's activities. Individual funds are established to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants.

GOVERNMENT-WIDE FINANCIAL INFORMATION

The government-wide financial statements and the fund financial statements provide different pictures of the Government. The government-wide financial statements provide an overall picture of the Government's financial standing as shown in results for Governmental Activities. These statements are comparable to private-sector companies and give a good understanding of the Government's overall financial health and how the Government paid for the various activities, or functions, provided by the Government.

At December 31, 2016 and 2015 respectively, the County's assets exceeded liabilities by \$ 25,426,377 and \$ 23,609,844. The largest portion of the County's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position as of December 31, 2016 and 2015

	Governmental Activities	
	2016	2015
Current and other assets	\$ 11,381,131	\$ 10,645,508
Capital assets	19,584,013	19,743,444
Total assets	30,965,144	30,388,952
Deferred outflow of resources	-	-
Noncurrent liabilities outstanding	1,215,964	1,095,000
Other liabilities	248,789	1,571,652
Total liabilities	1,464,753	2,666,652
Deferred inflow of resources	4,074,014	4,112,456
Net position:		
Net investment in capital assets	18,489,013	17,583,444
Restricted	1,369,644	1,187,287
Unrestricted	5,567,720	4,839,113
Total net position	\$ 25,426,377	\$ 23,609,844

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2016

Changes in Net Position

The County's total revenues before transfers for fiscal year ended December 31, 2016 totaled \$ 12,860,069. Expenditures were \$ 11,043,536 with an overall change in net position of \$ 1,816,533.

Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,365,113	\$ 3,141,194
Operating grants and contributions	463,051	355,542
Capital grants and contributions	274,382	202,037
General revenues:		
Property taxes	4,483,218	3,766,327
Sales tax	3,123,227	3,040,920
Other taxes	1,124,998	1,127,389
Unrestricted investment earnings	24,426	27,456
Miscellaneous	1,654	538
Total Revenues	<u>12,860,069</u>	<u>11,661,403</u>
Expenditures:		
General government	1,792,377	1,692,136
Public safety	4,812,716	4,494,560
Court system	760,859	757,919
Health and welfare	883,762	780,351
Recreation and culture	843,372	807,648
Public works	1,347,516	1,311,987
Housing and development	560,517	499,466
Interest on long-term debt	42,417	67,054
Total Expenditures	<u>11,043,536</u>	<u>10,411,121</u>
Increase in net position	<u>1,816,533</u>	<u>1,250,282</u>
Change in net position	1,816,533	1,250,282
Net position, January 1	<u>23,609,844</u>	<u>22,359,562</u>
Net position, December 31	<u>\$ 25,426,377</u>	<u>\$ 23,609,844</u>

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2016

FUND FINANCIAL INFORMATION

Major Governmental Funds

General Fund

The General Fund is used to account for all governmental financial resources not restricted by local, state or federal laws. As of December 31, 2016, the General Fund had assets of \$ 9,997,543, liabilities of \$ 234,845, and deferred inflows of resources of \$ 5,391,427.

The final budget for the General Fund decreased by \$ 44,842 from fiscal year 2015 to fiscal year 2016 based on final budgeted appropriations.

Splost Fund

On March 15, 2011, the voters passed a 1% Special Purpose Local Option Sales Tax to be imposed in Towns County for a period of time not to exceed 6 years for the raising of an estimated \$ 12,700,000 (\$ 12,545,000 for capital projects and \$ 155,000 for bond issuance costs) for the purpose of funding the acquisition, construction, and equipping of the following capital outlay projects within Towns County: parks and recreation improvements including the acquisition, construction and equipping of a multi-purpose recreational/community building; road and bridge purposes, which purposes may include pedestrian cross-walks, parking and capital equipment thereto; fire department vehicles, equipment, facilities, and fire hydrants; construction and improvements to the public library, water and sewer improvements including solid waste, storm water management, and equipment thereto; ambulances and other public safety vehicles and equipment; and industrial and economic development improvement to include infrastructure and possible land acquisition.

For the City of Hiawassee, the 1% Special Purpose Local Option Sales Tax will be used for parks and recreation improvements including the acquisition, construction and equipping of a park and buildings, equipment and related facilities; road, street, and bridge purposes, which purposes may include sidewalks, bicycle paths, pedestrian cross-walks and turn lanes, and capital equipment related thereto; fire hydrants and improved fire protection facilities and water lines and equipment related thereto; construction and improvements to the Hiawassee Water Treatment Plant and water treatment facilities including water storage; Hiawassee Sewer Plant and sewer treatment facilities, and industrial and economic development projects for downtown development including renovation of the Hiawassee City Square.

For the City of Young Harris, the 1% Special Purpose Local Option Sales Tax will be used for parks and recreation improvements; road, street, and bridge purposes, which purposes may include sidewalks, bicycle paths, pedestrian cross-walks, and capital equipment thereto; and water and sewer improvements including fire hydrants, solid waste, storm water management and equipment.

The tax was imposed beginning July 1, 2011. The voters adopted a bond resolution and a bond placement agreement was signed for the issuance of Towns County General Obligation Sales Tax Bond Series 2011 with a principal amount of \$ 6,200,000 for the capital outlay projects described above. The bond has a fixed interest rate of 2.35%. The bond provides for the pledge of special sales tax proceeds for the payment of the bond, for the collection of the special sales tax, for the placement and sale of the bond, and to declare an official intent to reimburse certain costs from proceeds.

The estimated special purpose sales and use tax revenue shall be divided between and among Towns County, the City of Hiawassee and the City of Young Harris in accordance with an Intergovernmental Agreement which is on file in the office of the County Clerk of the Commissioner of Towns County.

As of December 31, 2016, the SPLOST Fund had assets of \$ 1,158,731 and liabilities of \$ 209,856. The projects are estimated to be 77% complete as of December 31, 2016.

Further detail of the SPLOST Fund is provided in the fund financial statements, notes to the financial statements and schedule of projects constructed with special sales tax proceeds.

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2016

CAPITAL ASSETS ACTIVITY

During fiscal year 2016, the County's investment in capital assets decreased by \$ 159,431 net of depreciation. The County spent \$ 734,286 in capital outlay (which included \$ 78,685 in the SPLOST fund, \$ 361,555 in nonmajor funds, and \$ 294,046 in the general fund), and adjustments for depreciation were \$ 893,717 and \$ 10,285,904 accumulated depreciation for its governmental activities. The County allocated SPLOST funds of \$ 311,636 to the City of Hiwassee and the City of Young Harris, equally. See the Schedule of Projects Constructed with Special Sales Tax Proceeds for further detail. The County completed and placed into service multiple projects, which in prior years have been considered in progress and not fully functional. These assets have a combined value of \$ 327,069. The County did not dispose of any depreciable capital assets during 2016. Further detail on capital assets is provided in the notes to the financial statements.

Capital Assets at Year-end

	Governmental Activities	
	2016	2015
Land	\$ 4,540,787	\$ 4,510,217
Construction in progress	2,030,783	2,133,460
Land improvements	655,264	370,581
Buildings	13,820,139	13,752,877
Equipment	6,217,660	6,167,708
Infrastructure	2,605,284	2,200,788
Total	\$ 29,869,917	\$ 29,135,631

The following reconciliation summarizes the change in Capital Assets:

	Governmental Activities	
	2016	2015
Beginning Balance:	\$ 29,135,631	\$ 28,047,009
Additions:		
Land	30,570	-
Construction in Progress	224,392	349,741
Land improvements	284,683	81,060
Buildings	67,262	1,271,583
Equipment	49,952	349,006
Infrastructure	404,496	1,063,917
Dispositions/Placed in Service:		
Land	-	-
Construction in Progress	(327,069)	(1,956,894)
Land improvements	-	-
Buildings	-	-
Equipment	-	(69,791)
Infrastructure	-	-
Total Capital Assets at Year-end	\$ 29,869,917	\$ 29,135,631

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2016

OBLIGATIONS

During 2011, the County issued a general obligation sales tax bond to fund capital projects. The original bond issue totaled \$ 6,200,000 with a fixed interest rate of 2.35%. Principal payments became due annually beginning September 1, 2012 and will continue through September 1, 2017. Semi-annual interest payments became due beginning September 1, 2011 and will continue through September 1, 2017. As of December 31, 2016 and 2015, the balance of the bond was \$ 1,095,000 and \$ 2,160,000, respectively. Further detail on obligations is provided in the notes to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual revenues of \$ 9,794,948 exceeded budgeted revenues of \$ 9,478,691. Surplus reserves of \$ 35,000 were budgeted in 2016. Use of budgeted surplus reserves was unnecessary in 2016.

General Fund expenditures (before transfers) were less than budgeted. With total appropriations of \$ 9,478,691, and budgeted expenditures before transfers of \$ 9,062,191, the County actually spent \$ 8,693,007 or \$ 369,184 less than budgeted, for the year ending December 31, 2016. This was achieved through continued implementation of conservative fiscal policies adopted by the Commissioner.

ECONOMIC FACTORS

The issues facing the national economy correlate with the County's local economy. The County plans to maintain a conservative fiscal position while the economic conditions dictate.

Budgets are reviewed on a monthly basis with each department head to determine that expenditures are within the overall adopted budget. The County Commissioner holds department head meetings to discuss any overspending, when necessary, and requires department heads to curtail spending in order to bring their department in line with the budget.

The budget for the general fund 2017 includes \$ 9,458,934 for general operations and equipment and another \$ 437,800 in special earmarked funds including the LMIG Grant, hotel/motel tax collected and disbursed, and the D.A.T.E funds for a total of \$ 9,896,734.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Towns County's finances for those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Towns County Commissioner
48 River St, Suite B
Hiawassee, GA 30546

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

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>	<u>June 30, 2016 COMPONENT UNIT HEALTH DEPARTMENT</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,061,252	\$ 132,677
Investments	2,500,000	-
Receivables, net of allowance for uncollectable	3,691,939	25,405
Prepaid items	<u>127,940</u>	<u>-</u>
Total Current Assets	<u>11,381,131</u>	<u>158,082</u>
Capital Assets		
Capital assets not being depreciated:		
Land	4,540,787	-
Construction in progress	2,030,783	-
Capital assets being depreciated:		
Land improvements, depreciable	655,264	-
Buildings and improvements	13,820,139	-
Furniture and equipment	1,780,072	-
Vehicles and heavy equipment	4,437,588	-
Infrastructure	2,605,284	-
Accumulated depreciation	<u>(10,285,904)</u>	<u>-</u>
Capital Assets, net of depreciation	<u>19,584,013</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 30,965,144</u></u>	<u><u>\$ 158,082</u></u>
Deferred outflow of resources	<u>-</u>	<u>-</u>

The notes to the financial statements are an integral part of these statements.

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

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>	<u>June 30, 2016 COMPONENT UNIT HEALTH DEPARTMENT</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 104,971	\$ 73
Accrued liabilities	135,241	-
Accrued interest	8,577	-
Compensated absences	-	34,841
	-	34,841
Total Current Liabilities	248,789	34,914
Noncurrent liabilities		
Due within one year		
Compensated absences payable	120,964	19,598
Bond Payable	1,095,000	-
Net pension liability	-	435,243
	-	435,243
Total Noncurrent Liabilities	1,215,964	454,841
TOTAL LIABILITIES	1,464,753	489,755
Deferred inflow of resources	4,074,014	48,374
	4,074,014	48,374
NET POSITION		
Net investment in capital assets	18,489,013	-
Restricted for capital projects	948,875	-
Restricted for special revenues	420,769	-
Unrestricted	5,567,720	(380,047)
	5,567,720	(380,047)
TOTAL NET POSITION	\$ 25,426,377	\$ (380,047)

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

	<u>Expenditures</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 1,792,377	\$ 141,972	\$ 132,432	\$ -
Public safety	4,812,716	670,612	131,186	-
Court system	760,859	1,615,016	57,927	-
Health and welfare	883,762	253,114	55,188	-
Recreation and culture	843,372	237,574	-	-
Public works	1,347,516	399,215	86,318	274,382
Housing and development	560,517	47,610	-	-
Interest and paying agent fees	42,417	-	-	-
Total Primary Government	<u>\$ 11,043,536</u>	<u>\$ 3,365,113</u>	<u>\$ 463,051</u>	<u>\$ 274,382</u>
Component Units:				
Towns County Health Department	<u>\$ 396,934</u>	<u>\$ 133,976</u>	<u>\$ 340,496</u>	<u>\$ -</u>
Total Component Units	<u>\$ 396,934</u>	<u>\$ 133,976</u>	<u>\$ 340,496</u>	<u>\$ -</u>

GENERAL REVENUES:

Taxes
 Property taxes
 Sales taxes
 Other taxes
Investment earnings
Miscellaneous

Total General Revenues

CHANGE IN NET POSITION

NET POSITION, BEGINNING (ORIGINAL)

SPECIAL ITEM: PRIOR PERIOD ADJUSTMENT

NET POSITION, BEGINNING (RESTATED)

NET POSITION, ENDING

The notes to the financial statements are an integral part of these statements.

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

<u>Net (Expenditure)</u> <u>Revenue and</u> <u>Changes in Net Position</u> <u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>June 30, 2016</u> <u>Component Unit</u> <u>Towns County</u> <u>Health Dept.</u>
\$ (1,517,973) (4,010,918) 912,084 (575,460) (605,798) (587,601) (512,907) (42,417)	
\$ (6,940,990)	
	<u>\$ 77,538</u>
	<u>\$ 77,538</u>
\$ 4,483,218 3,123,227 1,124,998 24,426 1,654	\$ - - - - -
8,757,523	-
1,816,533	77,538
23,609,844	(497,942)
-	40,357
23,609,844	(457,585)
\$ 25,426,377	\$ (380,047)

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

	General	SPLOST and Bond Construction	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,694,299	\$ 904,880	\$ 462,073	\$ 5,061,252
Investments	2,500,000	-	-	2,500,000
Receivables, net of allowance for uncollectable	3,417,076	253,851	21,012	3,691,939
Due from other funds	258,228	-	1,385	259,613
Prepaid items	127,940	-	-	127,940
TOTAL ASSETS	\$ 9,997,543	\$ 1,158,731	\$ 484,470	\$ 11,640,744
LIABILITIES				
Accounts payable	\$ 104,971	\$ -	\$ -	\$ 104,971
Accrued liabilities	128,489	-	6,752	135,241
Accrued interest	-	8,577	-	8,577
Due to other funds	1,385	201,279	56,949	259,613
Total liabilities	234,845	209,856	63,701	508,402
DEFERRED INFLOW OF RESOURCES	5,391,427	-	-	5,391,427
FUND BALANCE				
Non-spendable:				
Prepaid items	127,940	-	-	127,940
Restricted:				
Capital project funds	-	948,875	-	948,875
Special revenue funds	-	-	420,769	420,769
Unassigned:	4,243,331	-	-	4,243,331
Total fund balances	4,371,271	948,875	420,769	5,740,915
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE	\$ 9,997,543	\$ 1,158,731	\$ 484,470	\$ 11,640,744

The notes to the financial statements are an integral part of these statements.

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

Total fund balances for governmental funds:		\$ 5,740,915
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.		19,584,013
Certain revenues reported on the Statement of Acitivies are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,317,413
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(120,964)	
Bond payable	<u>(1,095,000)</u>	(1,215,964)
Rounding		<u>-</u>
		<u><u>\$ 25,426,377</u></u>

The notes to the financial statements are an integral part of these statements.

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

	General	SPLOST and Bond Construction	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 7,446,267	1,733,780	\$ 415,981	\$ 9,596,028
Licenses and permits	47,610	-	-	47,610
Fines and forfeitures	161,264	-	47,378	208,642
Charges for services	1,492,363	-	437,679	1,930,042
Interest income	18,518	5,005	903	24,426
Intergovernmental	374,280	-	329,570	703,850
Contributions and donations	22,605	-	-	22,605
Other	232,041	-	-	232,041
TOTAL REVENUES	9,794,948	1,738,785	1,231,511	12,765,244
EXPENDITURES				
Current Operating				
General government	1,439,869	-	-	1,439,869
Public safety	3,980,780	-	515,359	4,496,139
Court system	729,406	-	30,828	760,234
Public works	1,197,840	-	-	1,197,840
Health and welfare	411,873	-	400,599	812,472
Recreation and culture	823,356	-	-	823,356
Housing and development	109,883	-	452,097	561,980
Capital Outlay	-	78,685	361,555	440,240
Intergovernmental	-	311,636	-	311,636
Debt Service: Principal	-	1,065,000	-	1,065,000
Debt Service: Interest	-	42,417	-	42,417
TOTAL EXPENDITURES	8,693,007	1,497,738	1,760,438	11,951,183
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	1,101,941	241,047	(528,927)	814,061
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(470,237)	-	470,237	-
TOTAL OTHER FINANCING SOURCES	(470,237)	-	470,237	-
NET CHANGE IN FUND BALANCES	631,704	241,047	(58,690)	814,061
FUND BALANCE, BEGINNING	3,739,567	707,828	479,459	4,926,854
FUND BALANCE, ENDING	\$ 4,371,271	\$ 948,875	\$ 420,769	\$ 5,740,915

The notes to the financial statements are an integral part of these statements.

TOWNS COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Net change in fund balances \$ 814,061

Amounts reported for governmental activities in the statement of activities are different as a result of:

Capital outlays, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities, in which the cost of assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is:

Capital outlay	734,286	
Depreciation expense	<u>(893,717)</u>	(159,431)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	125,171	
Fines	<u>1,192,242</u>	1,317,413

Revenues reported in the funds that relate to prior years are not reported as revenues in the statement of activities.

Property Taxes	(73,433)	
Fines	<u>(1,149,144)</u>	(1,222,577)

Governmental funds do not include the expense of compensated absences liabilities, which are reflected in the statement of net position.

Current year liability - compensated absences	(120,964)	
Prior year liability - compensated absences	<u>123,031</u>	2,067

Repayment of long term debt is reported as an expenditure in governmental funds, but a reduction of long term liabilities in the statement of net position.

		<u>1,065,000</u>
		<u><u>\$ 1,816,533</u></u>

The notes to the financial statements are an integral part of these statements.

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

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 497,698
TOTAL ASSETS	\$ 497,698
Deferred outflow of resources	-
LIABILITIES	
Funds held in trust	\$ 497,698
TOTAL LIABILITIES	\$ 497,698
Deferred inflow of resources	-

The notes to the financial statements are an integral part of these statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Towns County, Georgia (the “County”) 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.

Reporting Entity

Towns County, Georgia is a political subdivision of the State of Georgia governed by an elected commissioner. 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. The County has one discretely presented component unit, the Towns County Health Department. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

Discretely Presented Component Unit

The Towns County Health Department issues separate financial statements which have a June 30 year-end as required by state statutes. The Health Department is charged with determining the health needs and resources of its jurisdiction, developing programs, activities, and facilities responsive to those needs, and enforcing all laws related to health matters unless they fall under the jurisdiction of other agencies. The Health Department is governed by the Towns County Board of Health which consists of seven members, most of which are appointed by the County’s administration. The Health Department is dependent upon the County because the County approves the Health Department’s budget, and the County has the ability to impose will upon the Health Department. During 2016, the County supplemented the Health Department’s budget in the amount of \$ 138,000. The Health Department is presented as a governmental fund type.

Complete financial statements of the Towns County Health Department may be obtained from their administrative office at the following location:

Towns County Health Department
41 River Street
Hiawassee, Georgia 30546

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statements of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. 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 statements of activities demonstrates the degree to which the direct expenditures of a given function or segment is offset by program revenues. Direct expenditures 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 government funds and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fiduciary fund financial statements. Revenues are recorded when earned and expenditures 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.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes as available if they are collected by the end of the current fiscal period. Revenues susceptible to accrual are considered as available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental grant revenues, entitlements, and contributions are recognized in the year in which all eligibility requirements are met. 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, fines, 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 government.

The government reports the following major governmental funds:

The *General Fund* is the government'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 and Bond Construction Fund* is the government's Special Purpose Local Option Sales Tax capital projects fund that accounts for the receipts and disbursements of (1%) sales tax currently collected from 2011 through 2017. The primary revenue sources are sales taxes and primary expenditures for the County are parks and recreation improvements and acquisitions, road and bridge improvements, water and sewer improvements, fire department vehicles, fire hydrants and equipment, construction and improvements to the public library, ambulance and other public safety vehicles and equipment, industrial and economic development, improvements and acquisitions.

The estimated special purpose sales and use tax revenue shall be divided between and among Towns County, the City of Hiawassee and the City of Young Harris in accordance with an Intergovernmental Agreement which is on file in the office of the County Clerk of the Commissioner of Towns County.

The nonmajor governmental funds are combined and reported in a single column in the fund financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation (continued)

Additionally, the government reports *agency funds*. 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. This fund is used to account for assets that the government holds for others in an agency capacity. Due to its characteristics, agency funds are categorized overall as *Fiduciary funds*: funds that account for assets held by the government in a trustee capacity or as an agent on behalf of others.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

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 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. General revenues include all taxes.

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.

State statutes authorize the government to invest in obligations of the U.S. Treasury and its agencies and instrumentalities; bonds or certificates of indebtedness of this state and its agencies and instrumentalists; certificates of deposits of banks insured by FDIC. 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.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable/payable" (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".

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.

Property taxes were levied on October 22, 2016 and were due January 10, 2017. Interest of 1% per month is assessed on taxes not paid by this date. The taxes are subject to lien after January 10, 2017. A penalty of 10% is assessed on taxes not paid by this date.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables (Continued)

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.

The County bills and collects its own property taxes and also those for the School Board and the State. Only the County's tax levy is recognized as revenue when levied and uncollected taxes are recorded as deferred revenue in the general fund.

Inventory and Prepaid Items

Inventories of the primary government are not recorded due to a lack of materiality.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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 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 December 31, 2003, 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:

Buildings	40
Building Improvements	10-25
Machinery and Equipment	5-10
Vehicles	5
Infrastructure	10-50

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). The County does not have any items in the current year that qualify for reporting in this category.

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 only arises under the modified accrual basis of accounting. Accordingly, it is reported only in the governmental funds balance sheet and consists of unavailable revenues from two sources: property taxes and special assessments (fines).

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees earn personal leave at the rate of 10 hours per month for full-time employees. Personal leave cannot be accrued in excess of 480 hours. Upon request, employees can be paid for personal leave up to their accumulated hours. Personal leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. The total compensated absence liability is reported on the government-wide financial statements.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. There are no current year long-term obligations for the County.

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 expenditures during the reporting period. Actual results could differ from those estimates.

Fund Equity

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."

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 reported in two main components as reserved and unreserved, but can be classified more specifically as follows:

- *Non-spendable (reserved)* – Fund balances that cannot be spent either because it is not in spendable form (such as inventory) or because of legal or contractual constraints.
- *Restricted (reserved)* – Fund balances that are constrained by limitation imposed 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 (reserved)* – Fund balances that are used only for specific purposes pursuant to constraints imposed by formal action of the Commissioner through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the Commissioner must adopt another resolution.
- *Assigned (reserved)* – Fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The Commissioner may authorize the County's Finance Director to assign fund balances.
- *Unassigned (unreserved)* – Fund balance that consists of the residual amount when the balances do not meet any of the above criterion. Only positive unassigned fund balances are reported in the General Fund. Negative fund balances may be reported in other governmental funds.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

When both reserved and unreserved resources are available for use, the County's unofficial policy is to use restricted or committed amounts first, unless there are restrictions that prohibit doing this, such as a grant agreement or government regulation. If not able to use restricted funds, use would flow secondly to committed, then assigned, and lastly unassigned resources as they are needed. The County does not have a formal minimum fund balance policy.

Reclassifications

Certain accounts may be reclassified for comparative purposes to in order to conform to the presentation of the current year financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

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 to it. The government's policy for custodial credit risk is to obtain collateral from financial institutions in accordance with state law. The government's bank balances were insured or collateralized as of December 31, 2016.

Under Georgia statutes, the County must have at least 110% of deposits collateralized. Either the dedicated method or the pooled method of securing deposits of public funds may be used and are described as follows:

Dedicated Method - a depository shall secure the deposits of each of these public depositors separately.

Pooled Method - a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposits with such depository as set forth in Code Section 45-8-13.1.

The County utilizes the pooled method to secure its deposits.

Investments

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 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 subject to certain conditions. The County does not have an individualized investment policy that would limit investment choices beyond statutes. As of December 31, 2016, the County maintained funds in Certificates of Deposit (CD's) of banks insured by FDIC. Investment CD's are presented on both the government-wide statement of net position and government funds balance sheet in the amount of \$ 2,500,000. The CD's are nonnegotiable time deposits that mature within 1 to 2 years automatically and earn interest at a rate of .5 to 2.5% annually.

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

NOTE 3 – RECEIVABLES

Receivables as of the 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:

	General Fund	Splost	Non-Major Governmental Funds	Component Unit TC Health Department
Receivables:				
Property taxes	\$ 1,832,353	\$ -	\$ -	\$ -
Other taxes	206,674	253,851	-	-
Ambulance	161,192	-	-	-
Fines	1,834,218	-	-	-
Other accounts	77,933	-	21,012	25,405
Intergovernmental	35,338	-	-	-
Total Gross Receivables	<u>4,147,708</u>	<u>253,851</u>	<u>21,012</u>	<u>25,405</u>
Allowances for uncollectibles	(730,632)	-	-	-
Total Net Receivables	<u><u>\$ 3,417,076</u></u>	<u><u>\$ 253,851</u></u>	<u><u>\$ 21,012</u></u>	<u><u>\$ 25,405</u></u>

Government funds report unavailable and unearned revenue as deferred inflow of resources. Unavailable revenue is receivables that are not considered to be available to liquidate liabilities of the current period. Unearned revenue is resources that have been received but not yet earned. Unearned revenues typically involve property taxes and fines received by year end for the subsequent year.

The various components of deferred inflow of resources reported in the governmental funds at the end of the current fiscal year were as follows:

	Unavailable	Unearned	Total
General Fund:			
Property tax	\$ 125,171	\$ 4,074,014	\$ 4,199,185
Probation fines	1,192,242	-	1,192,242
Total	<u><u>\$ 1,317,413</u></u>	<u><u>\$ 4,074,014</u></u>	<u><u>\$ 5,391,427</u></u>

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

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Not being depreciated:				
Land	\$ 4,510,217	\$ 30,570	-	\$ 4,540,787
Construction in progress	2,133,460	224,392	327,069	2,030,783
	<u>6,643,677</u>	<u>254,962</u>	<u>327,069</u>	<u>6,571,570</u>
Other Capital Assets:				
Land improvements	370,581	284,683	-	655,264
Buildings	13,752,877	67,262	-	13,820,139
Equipment	6,167,708	49,952	-	6,217,660
Infrastructure	2,200,788	404,496	-	2,605,284
	<u>22,491,954</u>	<u>806,393</u>	<u>-</u>	<u>23,298,347</u>
Accumulated Depreciation				
Land improvements	185,151	30,195	-	215,346
Buildings	3,607,003	400,476	-	4,007,479
Equipment	5,213,301	346,154	-	5,559,455
Infrastructure	386,732	116,892	-	503,624
	<u>9,392,187</u>	<u>893,717</u>	<u>-</u>	<u>10,285,904</u>
Net Capital Assets	<u>\$ 19,743,444</u>	<u>\$ 167,638</u>	<u>\$ 327,069</u>	<u>\$ 19,584,013</u>

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

Governmental Activities	
General government	\$ 34,807
Public Safety	394,503
Public works	153,077
Health and welfare	71,339
Culture/recreation	239,991
Total	<u>\$ 893,717</u>

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

NOTE 5 – DEBT OBLIGATIONS

Sales Tax Bond

The following are debt obligations as of December 31, 2016:

Description	Beginning Balance	New Debt	Debt Retired	Ending Balance	Amount Due Within 12 Months
Government Activities					
General obligation sales tax bond, 2011 series	\$ 2,160,000	\$ -	\$ 1,065,000	\$ 1,095,000	\$ 1,095,000
Compensated absences	123,031	184,796	186,863	120,964	120,964
	<u>\$ 2,283,031</u>	<u>\$ 184,796</u>	<u>\$ 1,251,863</u>	<u>\$ 1,215,964</u>	<u>\$ 1,215,964</u>

Debt obligations for the County are all due within one year. General obligation sales tax bond, 2011 series are bonds that were issued to fund capital projects under the Special Purpose Local Option Sales Tax (SPLOST). Principal payments became due annually beginning September 1, 2012 and will continue through September 1, 2017. Interest payments became due semi-annually beginning September 1, 2011 and will continue through September 1, 2017. The bonds bear interest at a fixed rate of 2.35%. The general obligation issue cost was \$ 6,200,000.

The County has budgeted to pay the remaining obligation of \$ 1,095,000 in principal and \$ 17,155 in interest during the 2017 fiscal year, on the general obligation sales tax bond.

Compensated Absences

Compensated absences are liquidated in the general fund for the governmental activities; see Note 1 for a further explanation of compensated absences. The County has reported 100% of the compensated absence liability as due in one year, as the County projects that a majority of employees will use compensated absences earned within one year.

NOTE 6 – INTERFUND AND COMPONENT UNIT RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Primary Government</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 258,228	\$ 1,385
Capital Projects Fund	-	201,279
Special Revenue Fund		
Hotel-Motel Fund	-	3,489
LMIG Fund	-	53,460
Victims Assistance	1,385	-
Totals	<u>\$ 259,613</u>	<u>\$ 259,613</u>

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

NOTE 6 – INTERFUND AND COMPONENT UNIT RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

These balances resulted from: the time lag between the dates that interfund goods and services and services are provided or reimbursable expenditures occur; the time lag between the dates that transactions are recorded in the accounting system; the time lag between the dates that payments between funds are made; or to fund capital projects.

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

Fund	Transfers In	Transfers Out	Totals
General Fund	\$ -	\$ 470,237	\$ (470,237)
LMIG Fund	82,407	-	82,407
Emergency 911	311,330	-	311,330
Child Development Center	76,500	-	76,500
Totals	\$ 470,237	\$ 470,237	\$ -

Transfers are used to: supplement operating budgets; assist in funding capital projects; and move the County's matching portion on state grants.

Supplements paid to the Towns County Health Department (discretely presented component unit):

Fund/Component Unit	Paid From	Paid To	Totals
General Fund	\$ 138,000	\$ -	\$ 138,000
Towns County Health Dept.	-	138,000	(138,000)
Totals	\$ 138,000	\$ 138,000	\$ -

NOTE 7 – RETIREMENT PLANS

Defined Contribution Plan

Effective April 1, 1999, the County, by signing an adoption agreement, adopted the Towns County Money Purchase Plan, a defined contribution plan sponsored and administered by The Benefit Marketing Group, Inc. This plan allows employees to participate after completing one year of service. The Commissioner has the authority under which the plan provisions or contribution requirements are established or may be amended.

The County contributes ½% of salary as a base contribution. In addition, for each employee who contributes not less than 4.0% of his compensation to the Towns County Public Employee Deferred Compensation Program, the County will contribute 3.5% of that employee's compensation. The contribution for the year ending December 31, 2016 was \$ 113,455.

Other Plans

In addition to the above mentioned retirement plan, the following pension and retirement plans cover County employees, but the County is not legally responsible for contributions to those plans. Other governmental entities are legally responsible for these contributions as well as required disclosures.

The Georgia Firefighters' Pension Fund is a cost-sharing multiple employer defined benefit pension plan for the purpose of paying retirement benefits to firefighters of the State of Georgia. Any person employed as a firefighter or enrolled as a volunteer firefighter within the State of Georgia is eligible for membership. The County contributes \$ 25 per month, per employed and volunteer firefighter to the Georgia Firefighters' Pension Fund.

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

NOTE 7 – RETIREMENT PLANS (CONTINUED)

Other Plans (Continued)

Probate Judges' Retirement Fund of Georgia is a pension plan that covers the Probate Judge. The plan requires that certain sums from marriage licenses and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

Clerk of Superior Court Retirement Fund is a pension plan that covers the Clerk of Superior Court. The plan requires that certain sums from fees and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

Sheriff's Retirement Fund/Peace Officer's Annuity and Benefit Fund is a pension plan that covers the Sheriff and Sheriff's Deputies under separate pension plans, that requires certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

NOTE 8 – RELATED PARTY TRANSACTIONS

The County Commissioner and administration appoints the majority of the governing boards for several agencies operating within the County, but does not provide operating subsidies or exhibit any other indications of financial accountability with regard to these authorities. These authorities are the: Towns County Board of Family and Children Services and Towns County Recreation Authority.

Georgia Mountain Regional Commission

Under Georgia law, Towns County, in conjunction with other cities and counties in the area are members of the Georgia Mountain Regional Commission (GMRC) and is required to pay annual dues. The County paid annual dues in the amount of \$ 12,028 to the GMRC for the year ended December 31, 2016. *The Official Code of Georgia Annotated (O.C.G.A.) Section 50-8-34* (Georgia Planning Act of 1989) provides for the organizational structure of the GMRC.

The GMRC Board membership includes the chief elected official of each county and municipality of the area. Under O.C.G.A § 50-8-39-1, member governments are also liable for any debts or obligation of the agency beyond its resources. Separate financial statements may be obtained from:

Georgia Mountain Regional Commission
P.O. Box 1720
Gainesville, Georgia 30503-1720

NOTE 9 – LANDFILL CLOSURE AND POSTCLOSURE CARE COST

The County landfill is exempt from financial assurance requirements per the Georgia Environmental Protection Division. The Solid Waste Management Rule, section 391-3-4-.13(3), states that local government owners and operators of landfills that were taking less than 100 tons per day that ceased receipt of waste by April 8, 1994 are exempt from financial assurance requirement.

The landfill closed December 31, 2006 and received a closure certificate on August 5, 2008. The County incurred landfill monitoring costs of \$ 14,500 in the current year.

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

NOTE 10 – RISK MANAGEMENT AND CONTINGENCIES

The County receives financial assistance from some federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions that are specified in the grant agreements. Expended funds from grants received are subject to audit by the grantor. Any disallowed claims resulting from such audits could become a liability of the County or individual receiving fund department/agency of the County. As of December 31, 2016, the County is not aware of any material noncompliance with grants received and expended.

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. Exposure subjects the County to legal proceedings at any point in time, which normally occur in governmental operations. As of December 31, 2016, no significant proceedings or awards have been made against the County. In addition, as of December 31, 2016 the County is not aware of any pending or threatened litigation.

To mitigate liability and risks of loss to which the County is exposed, the County participates in the Association County Commissioners of Georgia (ACCG), Group Self Insurance Worker's Compensation Fund (GSIWCF), a self-insured pool cooperative arrangement among its members to finance worker's 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 *OCGA 34-9-150* et seq. and the Georgia Insurance Commissioner's Office.

The County also participates in the Association County Commissioners of Georgia (ACCG) Inter-local Risk Management Agency (IRMA), a risk sharing arrangement among Georgia County Governments. The fund exists by authority of *OCGA 36-85-1* et seq. The County is covered up to \$ 100,000 in liability per individual claim or \$ 1,000,000 of liability in all claims paid within the plan year after the first \$ 5,000 in liability is paid by the County.

The purpose of the fund and risk management agency is to defend and protect the members against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation laws of Georgia. The fund and agency is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenditures incurred for investigation, negotiation or defense.

As members, the County is obligated to pay all contributions and assessments to cooperate with the agents and attorneys of the fund and agency, to follow loss reduction procedures established, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents that could require the fund or agency to pay any type of loss. The County is also to allow all the agents and attorneys of the fund and agency to represent the County in investigations, settlement discussions, and all levels of litigation arising out of any claims made against the County.

The members of ACCG-GSIWCF and ACCG-IRMA are subject to an additional liability assessment if the losses that ACCG incur and must pay exceed the assets of the pool. As of December 31, 2016, there was no additional liability assessment from the ACCG-GSIWCF or the ACCG-IRMA. Therefore, no liability for this has been included in these financial statements.

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

NOTE 10 – RISK MANAGEMENT AND CONTINGENCIES (CONTINUED)

Other

The County also purchases combined automobile, crime, liability and property insurance coverage from the ACCG-IRMA. A \$ 1,000 deductible applies to each claim. The following is a summary of coverage at December 31, 2016:

Property Losses	\$ 5,000,000	Aggregate
Comprehensive General and Law Enforcement Liability	5,000,000	Per Occurrence
Automobile Liability	5,000,000	Per Occurrence
Errors and Omissions	5,000,000	Per Occurrence
	10,000,000	Aggregate
Crime Coverage	150,000	Per Occurrence

The County has no outstanding claims in excess of coverage for which a liability should be recorded as of December 31, 2016. Settled claims in the past four years have not exceeded the coverage.

NOTE 11 – SIGNIFICANT ESTIMATES

As discussed in Note 1, the use of estimates may be required within the financial statements to be in conformity with accounting principles generally accepted in the United States. Significant estimates used in the preparation of the financial statements, which could change based on actual results, are the estimates for doubtful accounts primarily for fines receivable and ambulance services provided, and depreciation of capital assets.

NOTE 12 – HOTEL/MOTEL TAX

During the year ended December 31, 2016, the County collected of \$ 371,280 of which \$ 222,768 was required to be spent to promote tourism, conventions and trade shows. The County actually spent \$ 381,448. This was 171% of the tax receipts to be expended for these purposes under O.C.G.A. § 48-13-51. The County complied with the requirements of this law.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 16, 2017, the date the financial statements were available to be issued.

TOWNS COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 7,145,506	\$ 7,145,506	\$ 7,446,267	\$ 300,761
Licenses and permits	72,100	72,100	47,610	(24,490)
Fines and forfeitures	301,900	301,900	161,264	(140,636)
Charges for services	1,346,000	1,368,090	1,492,363	124,273
Interest income	35,000	35,000	18,518	(16,482)
Intergovernmental	437,095	440,595	374,280	(66,315)
Contributions and donations	2,000	2,000	22,605	20,605
Other	113,500	113,500	232,041	118,541
TOTAL REVENUES	9,453,101	9,478,691	9,794,948	316,257
EXPENDITURES				
General Government				
General and administrative	761,805	761,805	751,999	9,806
Commissioner	120,000	110,000	105,528	4,472
Tax commissioner	267,516	246,516	228,177	18,339
Tax assessor	208,128	213,128	204,936	8,192
Election	106,725	152,725	149,229	3,496
Total General Government	1,464,174	1,484,174	1,439,869	44,305
Public Safety				
Regional expenditures	187,450	205,950	199,717	6,233
Sheriff	1,184,923	1,154,923	1,144,296	10,627
Jail operation	961,502	1,001,502	997,094	4,408
Fire department	416,265	416,265	397,613	18,652
Ambulance service	1,029,980	1,127,570	1,102,657	24,913
E.M.A. director	57,133	57,133	54,068	3,065
E-911 Mapping	79,895	86,895	85,335	1,560
Total Public Safety	3,917,148	4,050,238	3,980,780	69,458
Court System				
Probate/Magistrate court	248,045	213,045	199,684	13,361
Clerk of court	225,840	213,840	203,299	10,541
Court - other	214,858	219,858	216,270	3,588
District attorney	113,440	113,440	110,153	3,287
Total Court System	802,183	760,183	729,406	30,777

TOWNS COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE (CONTINUED)
 GENERAL FUND
 For the Year Ended December 31, 2016

(CONTINUED)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works				
Road department	859,581	761,081	741,209	19,872
Transfer Station/Landfill	399,207	439,207	434,804	4,403
Recycling	23,945	23,945	21,827	2,118
Total Public Works	1,282,733	1,224,233	1,197,840	26,393
Health and Welfare				
Regional expenditures	438,570	438,570	300,386	138,184
Extension service	22,000	22,000	16,880	5,120
Transportation service	111,993	99,993	94,607	5,386
Total Health and Welfare	572,563	560,563	411,873	148,690
Recreation and Culture				
Regional expenditures	230,000	260,000	258,669	1,331
Recreation department	494,580	504,580	482,122	22,458
Chatuge campground	95,300	95,300	82,565	12,735
Total Recreation and Culture	819,880	859,880	823,356	36,524
Housing and Development				
Regional expenditures	53,000	38,000	31,414	6,586
Building inspection	77,040	62,040	58,062	3,978
Planning and zoning	22,880	22,880	20,407	2,473
Total Housing and Development	152,920	122,920	109,883	13,037
TOTAL EXPENDITURES	9,011,601	9,062,191	8,693,007	369,184
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	441,500	416,500	1,101,941	
OTHER FINANCING SOURCES (USES)				
Transfers in / (out)	(381,500)	(381,500)		
Contingencies / Surplus reserves	(60,000)	(35,000)	(470,237)	
NET CHANGE IN FUND BALANCE	-	-	631,704	
			3,739,567	
			\$ 4,371,271	

TOWNS COUNTY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2016

NOTE 1 – BUDGETARY BASIS

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year-end. The County does not formally use encumbrance accounting.

All department heads of the government submit requests for appropriation to the government's sole commissioner so that a budget may be prepared. The budget is prepared by fund, function and activity, and line item, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The government's sole commissioner holds public hearings and may add to, subtract from, or change appropriations. The commissioner may amend the line item budget within a department's appropriation. However, expenditures may not legally exceed budgeted appropriations at the department level which is the legal level of control.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

During the current year all departments of the County operated within budgeted appropriations.

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 December 31, 2016

	<u>Tax Commissioner</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Total</u>
ASSETS						
Cash	<u>\$ 33,848</u>	<u>\$ 362,470</u>	<u>\$ 35,228</u>	<u>\$ 7,156</u>	<u>\$ 58,996</u>	<u>\$ 497,698</u>
TOTAL ASSETS	<u><u>\$ 33,848</u></u>	<u><u>\$ 362,470</u></u>	<u><u>\$ 35,228</u></u>	<u><u>\$ 7,156</u></u>	<u><u>\$ 58,996</u></u>	<u><u>\$ 497,698</u></u>
LIABILITIES						
Funds held in trust	<u>\$ 33,848</u>	<u>\$ 362,470</u>	<u>\$ 35,228</u>	<u>\$ 7,156</u>	<u>\$ 58,996</u>	<u>\$ 497,698</u>
TOTAL LIABILITIES	<u><u>\$ 33,848</u></u>	<u><u>\$ 362,470</u></u>	<u><u>\$ 35,228</u></u>	<u><u>\$ 7,156</u></u>	<u><u>\$ 58,996</u></u>	<u><u>\$ 497,698</u></u>

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
 FIDUCIARY FUNDS
 For the Year Ended December 31, 2016

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	<u>\$ 323,312</u>	<u>\$ 14,159,487</u>	<u>\$ 13,985,101</u>	<u>\$ 497,698</u>
TOTAL ASSETS	<u><u>\$ 323,312</u></u>	<u><u>\$ 14,159,487</u></u>	<u><u>\$ 13,985,101</u></u>	<u><u>\$ 497,698</u></u>
LIABILITIES				
Funds held in trust	<u>\$ 323,312</u>	<u>\$ 14,159,487</u>	<u>\$ 13,985,101</u>	<u>\$ 497,698</u>
TOTAL LIABILITIES	<u><u>\$ 323,312</u></u>	<u><u>\$ 14,159,487</u></u>	<u><u>\$ 13,985,101</u></u>	<u><u>\$ 497,698</u></u>

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

	Child Development Center	Emergency 911	Law Library	Drug Fund	LMIG	Victim's Assistance Fund	Jail Fund	Hotel / Motel Tax Fund	Total
ASSETS									
Cash and cash equivalents	\$ 17,528	\$ 197,537	\$ 26,436	\$ 41,204	\$ 1,032	\$ -	\$ -	\$ 178,336	\$ 462,073
Receivables, net	2,268	15,155	-	-	-	-	-	-	17,423
Intergovernmental	3,589	-	-	-	-	-	-	-	3,589
Prepaid assets	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	1,385	-	-	1,385
TOTAL ASSETS	\$ 23,385	\$ 212,692	\$ 26,436	\$ 41,204	\$ 1,032	\$ 1,385	\$ -	\$ 178,336	\$ 484,470
Deferred outflow of resources	-	-	-	-	-	-	-	-	-
LIABILITIES									
Accrued liabilities	\$ 6,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,752
Due to other funds	-	-	-	-	53,460	-	-	3,489	56,949
Total liabilities	6,752	-	-	-	53,460	-	-	3,489	63,701
Deferred inflow of resources	-	-	-	-	-	-	-	-	-
FUND BALANCE									
Restricted:									
Special revenue funds	16,633	212,692	26,436	41,204	(52,428)	1,385	-	174,847	420,769
Total fund balances	16,633	212,692	26,436	41,204	(52,428)	1,385	-	174,847	420,769
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,385	\$ 212,692	\$ 26,436	\$ 41,204	\$ (52,428)	\$ 1,385	\$ -	\$ 178,336	\$ 484,470

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

	Child Development Center	Emergency 911	Law Library	Drug Fund	LMIG	Victim's Assistance Fund	Jail Fund	Hotel / Motel Tax Fund	Total
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 415,981	\$ 415,981
Fines and forfeitures	-	-	5,701	18,650	-	9,660	13,367	-	47,378
Charges for services	228,832	208,847	-	-	-	-	-	-	437,679
Interest income	-	425	-	-	478	-	-	-	903
Intergovernmental	55,188	-	-	-	274,382	-	-	-	329,570
TOTAL REVENUES	\$ 284,020	\$ 209,272	\$ 5,701	\$ 18,650	\$ 274,860	\$ 9,660	\$ 13,367	\$ 415,981	\$ 1,231,511
EXPENDITURES									
Current Operating									
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	515,359	-	-	-	-	-	-	515,359
Court system	-	-	4,502	3,299	-	9,660	13,367	-	30,828
Public works	-	-	-	-	-	-	-	-	-
Health and welfare	400,599	-	-	-	-	-	-	-	400,599
Housing and development	-	-	-	-	-	-	-	452,097	452,097
Capital Outlay	-	-	-	-	361,555	-	-	-	361,555
Debt Service									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	400,599	515,359	4,502	3,299	361,555	9,660	13,367	452,097	1,760,438
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(116,579)	(306,087)	1,199	15,351	(86,695)	-	-	(36,116)	(528,927)
OTHER FINANCING SOURCES (USES)									
Proceeds from financing	-	-	-	-	-	-	-	-	-
Transfers in (out)	76,500	311,330	-	-	82,407	-	-	-	470,237
TOTAL OTHER FINANCING SOURCES	76,500	311,330	-	-	82,407	-	-	-	470,237
NET CHANGE IN FUND BALANCES	(40,079)	5,243	1,199	15,351	(4,288)	-	-	(36,116)	(58,690)
FUND BALANCE, BEGINNING	56,712	207,449	25,237	25,853	(48,140)	1,385	-	210,963	479,459
FUND BALANCE, ENDING	\$ 16,633	\$ 212,692	\$ 26,436	\$ 41,204	\$ (52,428)	\$ 1,385	\$ -	\$ 174,847	\$ 420,769

TOWNS COUNTY, GEORGIA
SPECIAL LOCAL OPTIONS SALES TAX 2011 SERIES
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
BUDGET AND ACTUAL - PROJECT TO DATE
From Inception Through December 31, 2016

<u>PROJECT</u>	<u>Project Budget</u>	<u>Prior Year Project to Date</u>	<u>Current Year</u>	<u>Total</u>	<u>Percent Complete</u>
Capital Projects:					
Roads and Bridges	\$ 2,359,000	\$ 964,410	\$ -	\$ 964,410	41%
Fire	1,450,000	885,760	-	885,760	61%
Park Development/Multipurpose Community Center	4,950,000	4,959,098	-	4,959,098	100%
Library	200,000	200,000	-	200,000	100%
Economic Development	400,000	-	78,685	78,685	20%
Water/Sewer	450,000	150,000	-	150,000	33%
Public Safety Vehicles	450,000	305,934	-	305,934	68%
Total Capital Projects:	<u>10,259,000</u>	<u>7,465,202</u>	<u>78,685</u>	<u>7,543,887</u>	<u>74%</u>
Intergovernmental:					
City of Hiawasse Allocation	1,143,000	629,558	155,818	785,376	69%
City of Young Harris Allocation	1,143,000	629,557	155,818	785,375	69%
Total Intergovernmental:	<u>2,286,000</u>	<u>1,259,115</u>	<u>311,636</u>	<u>1,570,751</u>	<u>69%</u>
Debt Service - Bond Issuance Costs	155,000	129,881	-	129,881	84%
Debt Service - Principal	6,200,000	4,040,000	1,065,000	5,105,000	82%
Debt Service - Interest	557,851	498,427	42,417	540,844	97%
Total	<u>\$ 19,457,851</u>	<u>\$ 13,392,625</u>	<u>\$ 1,497,738</u>	<u>\$ 14,890,363</u>	<u>77%</u>

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

To the County Commissioner
Towns County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the government activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Towns County, Georgia's basic financial statements, and have issued our report thereon dated June 16, 2017. Our report includes a reference to other auditors who audited the financial statements of Towns County Health Department, as described in our report on Towns County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Towns 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 are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Towns County, Georgia's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexander, Almand & Bangs, LLP

Alexander, Almand & Bangs, LLP
Gainesville, Georgia
June 16, 2017