MITCHELL COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2016

MITCHELL COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

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FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
of Mitchell County, Georgia
Camilla, Georgia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mitchell County Board of Health, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. 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 Mitchell County Board of Health, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Mitchell County, Georgia as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund 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 (pages 4 through 11), the Schedule of Changes in the County's Net Pension Liability and Related Ratios (page 52) and the Schedule of County Contributions (page 53) 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 Mitchell County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, 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 and schedules and the schedule of expenditures of special purpose local option sales tax proceeds 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 statements and schedules and the schedule of expenditures of special purpose local option 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 April 26, 2017, on our consideration of Mitchell 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 Mitchell County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
April 26, 2017

MITCHELL COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2016

Introduction

As County Administrator of Mitchell County, Georgia, I, along with the Board of Commissioners, offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Mitchell County for the year ended December 31, 2016. This discussion is intended to help provide a comprehensive understanding of the financial performance and condition of Mitchell County, Georgia taken as a whole. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the financial statements and the notes to the financial statements.

Fiscal Year 2016 is the twelfth year Mitchell County has prepared its annual report in compliance with the financial reporting model, GASB 34. This reporting model is a combination of both government–wide financial statements and fund financial statements. As such, our basic financial statements contain three components:

1) Government-wide financial statements including the statement of net position and the statement of activities. These statements provide a broad, long-term overview of the County's finances based upon the driving factors of economic resources available.
2) Fund financial statements including balance sheet and statement of revenues, expenditures, and changes in fund balance. These statements focus more on the short-term performance of the County's finances based upon the current financial resources available.
3) Notes to financial statements.

The discussion and analysis will assist the reader by highlighting and summarizing in general terms the basic financial information contained within the annual report.

Financial Highlights

Key financial highlights for fiscal year 2016 are as follows:

Government-wide financial statements:

- At December 31, 2016, Mitchell County's assets exceeded its liabilities by $25,733,041 (net position).
- The County's $17,843,496 net investment in capital assets and $2,283,788 in unrestricted, leaves the County with $5,605,757 in net position restricted in governmental activities.
- Mitchell County, Georgia's total net position increased from $22,895,569 in the prior year to $25,733,041 in the current year, for a total increase of $2,837,472, or 12.39%.
- Mitchell County, Georgia's revenues for fiscal year 2016 totaled $20,383,721. Of this amount, 60% are property tax revenues, 10% are sales tax revenues, 5% are other tax revenues, 18% are charges for services and the remaining 7% are other revenues. This is a 9% increase over fiscal year 2015 revenues.
- Mitchell County, Georgia's total program expenses for fiscal year 2016 totaled $17,546,249. Of this amount, 35% are public safety expenses, 25% are general governmental expenses, 4% are housing and development expenses, 22% are public works expenses and the remaining 14% are other expenses. This is a 9% increase over fiscal year 2015 expenses.

Governmental funds financial statements:

- Mitchell County, Georgia's governmental funds recorded total assets of $16,914,764 for the year ended December 31, 2016. This amount is over the total governmental funds liabilities and deferred inflows of resources by $15,583,374 (fund balance).

- Total governmental fund's fund balances for the year ending December 31, 2016 increased by $2,424,989 from the previous year. This increase was a result of a $1,615,033 increase in the General Fund, an $708,615 increase in the 2012-2017 Sales Tax Fund, and a $101,341 increase in Nonmajor Governmental Funds.
- Total governmental fund balance is $15,583,374, with $9,140,076 classified as unassigned.
- Total revenues for the General Fund were over budgeted amounts by $979,318 or approximately 11% and total expenditures for the General Fund were under budget by $50,599, or approximately .3%.

Overview of the Financial Statements

The reporting model for the Government-Wide Financial Statements is designed to provide readers with a broad overview of the County's financial performance over the past year and the resulting condition thereof. The statements resemble those of private sector business by taking on an "economic resource" approach as opposed to a "current resource" approach traditionally found in Fund Financial Statements. Additionally, this Management Discussion & Analysis helps highlight and emphasize in plain language the events that have occurred over the past year to bring about the current financial condition of the County. I encourage readers to review all of the basic financial statements, along with the MD&A and supplementary information in order to fully understand the overall financial position of Mitchell County, Georgia.

Reporting on the County as a Whole

The model of financial reporting, which includes the Statement of Net Position and the Statement of Activities beginning on page 12, helps readers identify whether or not the County as a whole is in better condition as a result of the events that have taken place over the past year. These statements capture *all* assets and liabilities using the *accrual basis of accounting.* This format of accounting resembles that used by most private-sector companies by recording all of the current year's revenues and expenses regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, the County is presented in two distinct activities:

- Governmental Activities – This section reports most of the familiar governmental services: general government, judicial, public safety, public works, health and welfare, recreation, and housing and development. The majority of funding for these programs comes from property taxes, sales tax, charges for services, and fines & forfeitures.
- Business-type Activities – This section reports activities that are financed and operated in a manner similar to private business enterprises where the intent of the governing authority is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing authority has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. For purposes of this paragraph, the term "costs" means expenses, including depreciation.

- Component units – There is one component unit report, the Mitchell County Board of Health. Although this unit is a legally separate entity, it is important because the County has a significant financial interest in this unit.

Reporting on the County's Most Significant Funds

The Fund Financial Statements beginning on page 15 provide a more detailed look at the County's most significant funds – not the County as a whole. While some funds are required by State law, others are established by the Board of Commissioners to help control budgets and financing for specific purposes. The County maintains three categories of funds: Governmental, Proprietary and Fiduciary.

- Governmental Funds – As you might expect; most of the familiar governmental services (general government, judiciary, public safety, public works, health and welfare, recreation, and housing and development) are captured and reported in Governmental Funds. These funds use a method of accounting called the modified accrual approach. This method of accounting measures cash and other financial assets that can be readily converted into cash. The Governmental Funds provide a short-term view of the County's general government operations and services, and help determine the amount of financial resources that are available in the near future to fund County programs. On page 17 is the reconciliation between the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds and the Statements of Activities.
- Proprietary Funds - The County maintains two type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water and Sewer System Fund and on internal service fund to account for its Self-Insurance Health Benefit Fund. The accounting method used for these funds is much like that used for a business, the *full accrual* method.
- Fiduciary Funds - These funds are established to report on assets being held by the County for the benefit of parties outside the County. Although these funds are presented in the Fund Financial statements, they do not appear in the Government-wide statements because the resources of these funds are not available to support the programs of Mitchell County Local Government. The accounting method used for these funds is much like that used for proprietary funds, the *full accrual* method.

Mitchell County Government-Wide Financial Analysis

The following table presents a summary of the Statement of Net Position for the County as of December 31, 2016 and 2015.

Table 1
Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	**$ 16,813,865**	$ 14,956,665	**$ 180,009**	$ 73,752	**$ 16,993,874**	$ 15,030,417
Capital Assets	**18,381,925**	18,517,323	**532,550**	574,750	**18,914,475**	19,092,073
Total Assets	**35,195,790**	33,473,988	**712,559**	648,502	**35,908,349**	34,122,490
Deferred outflows of resources	**882,986**	294,432	-	-	**882,986**	294,432
Long-term Liabilities	**7,536,575**	8,672,392	**35,349**	66,802	**7,571,924**	8,739,194
Other Liabilities	**3,455,070**	2,751,533	**31,300**	30,626	**3,486,370**	2,782,159
Total Liabilities	**10,991,645**	11,423,925	**66,649**	97,428	**11,058,294**	11,521,353
Net Position:						
Net Investment in Capital Assets	**17,377,595**	17,156,191	**465,901**	478,137	**17,843,496**	17,634,328
Restricted	**5,605,757**	4,987,487	**-**	-	**5,605,757**	4,987,487
Unrestricted	**2,103,779**	200,817	**180,009**	72,937	**2,283,788**	273,754
Total Net Position	**$ 25,087,131**	$ 22,344,495	**$ 645,910**	$ 551,074	**$ 25,733,041**	$ 22,895,569

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $25,733,041 at the close of the most recent fiscal year.

By far the largest portion of the County's net position (69 percent) reflects its investment in capital assets (e.g., land, building machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (22 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is $2,283,788.

The following table summarizes the changes in net position for the primary government for the fiscal years ended December 31, 2016 and 2015.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	**$ 2,980,666**	$ 2,668,619	**$ 653,456**	$ 401,472	**$ 3,634,122**	$ 3,070,091
Operating grants	**569,087**	103,039	**-**	-	**569,087**	103,039
Capital grants	**488,463**	245,335	**-**	-	**488,463**	245,335
General revenue:						
Property taxes	**12,170,951**	12,043,300	**-**	-	**12,170,951**	12,043,300
Sales taxes	**2,092,928**	2,257,452	**-**	-	**2,092,928**	2,257,452
Insurance premium taxes	**732,821**	688,795	**-**	-	**732,821**	688,795
Other taxes	**237,457**	275,529	**-**	-	**237,457**	275,529
Unrestricted investment earnings	**13,761**	8,917	**-**	-	**13,761**	8,917
Other revenue	**408,000**	-			**408,000**	-
Gain on sale of assets	**36,131**	28,757	**-**	-	**36,131**	28,757
Total revenues	**19,730,265**	18,319,743	**653,456**	401,472	**20,383,721**	18,721,215
Program expenses:						
General government	**4,341,641**	3,731,376	**-**	-	**4,341,641**	3,731,376
Judicial	**948,595**	1,098,184	**-**	-	**948,595**	1,098,184
Public safety	**6,162,285**	5,875,278	**-**	-	**6,162,285**	5,875,278
Public works	**3,890,903**	3,746,816	**-**	-	**3,890,903**	3,746,816
Health and welfare	**556,625**	159,973	**-**	-	**556,625**	159,973
Recreation	**345,456**	375,330	**-**	-	**345,456**	375,330
Housing and development	**736,444**	537,108	**-**	-	**736,444**	537,108
Interest on long-term debt	**181,930**	434,929	**-**	-	**181,930**	434,929
Water	**-**	-	**382,370**	188,966	**382,370**	188,966
Total expenses	**17,163,879**	15,958,994	**382,370**	188,966	**17,546,249**	16,147,960
Excess revenues over expenses	**2,566,386**	2,360,749	**271,086**	212,506	**2,837,472**	2,573,255
Transfers	**176,250**	225,851	**(176,250)**	(225,851)	**-**	-
Change in net position	**2,742,636**	2,586,600	**94,836**	(13,345)	**2,837,472**	2,573,255
Net position - beg of year, as restated	**22,344,495**	19,757,895	**551,074**	564,419	**22,895,569**	20,322,314
Net position - end of year	**$ 25,087,131**	$ 22,344,495	**$ 645,910**	$ 551,074	**$ 25,733,041**	$ 22,895,569

Total revenues for governmental activities exceed total expenses and transfers by $2,566,386. By review of Table 2, it is apparent that the bulk of revenues supporting governmental activities are attributable to property taxes, $12,170,951 or 62%, and charges for services $2,980,666 or 15%.

Additionally, Table 2 illustrates the bulk of governmental activities expense being reported within the program of public safety, reporting expenses of $6,162,285 or 36%, with the second largest expense attributable to public works with expenses of $3,890,903 or 23%.

Governmental Activities

The current reporting model provides users with an understanding of how governmental activities are fully supported. Table 3 will help illustrate how these programs fall short of supporting themselves and must therefore rely on general revenues such as property tax, sales tax, fines and grants. The table lists the total cost of each program, and the final net cost (total cost less revenues generated by the program).

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2016	**2015**	**2016**	**2015**
General government	**$ 4,341,641**	$ 3,731,376	**$ 4,162,801**	$ 3,449,210
Judicial	**948,595**	1,098,184	**939,566**	1,098,184
Public safety	**6,162,285**	5,875,278	**3,448,716**	3,585,521
Public works	**3,890,903**	3,746,816	**3,263,632**	3,596,168
Health and welfare	**556,625**	159,973	**556,625**	159,973
Recreation	**345,456**	375,330	**288,716**	290,824
Housing and development	**736,444**	537,108	**283,677**	327,192
Interest on long-term debt	**181,930**	434,929	**181,930**	434,929
Totals	**$ 17,163,879**	$ 15,958,994	**$ 13,125,663**	$ 12,942,001

As noted in the above table, governmental programs fell $13,125,663 short of supporting themselves through direct revenues attributable to those programs. As a result, citizens support these programs through payment of property taxes, sales taxes, and other taxes.

While the County was able to support its Governmental Activities, it should be noted that a few significant factors affected total revenues for the year ended December 31, 2016.

The County's Major Governmental Funds

At the end of fiscal year 2016, the County reported its governmental funds (as presented in the balance sheet on page 15) having a combined fund balance of $15,583,374. This balance increased by $2,424,989 from prior year's balance. The statement of revenues, expenditures and changes in fund balances presented on page 16 reports fund balance of $9,666,300 in the General Fund, $4,605,478 was reported for 2012-2017 Sales Tax Fund and $1,311,596 for Nonmajor Governmental Funds.

Revenues for the General Fund totaled $16,096,931, or approximately 81% of total governmental revenues reported in the statement of revenues, expenditures and changes in fund balance presented on page 16. Of this amount, $12,130,218 (75%) was collected through property taxes, with second largest source of revenues reported in the line item of charges for services, $1,601,512 (10%).

Expenditures for the General Fund totaled $14,411,301 (not including other financing uses). Expenditures exceeded revenues by $1,685,630.

General Fund Budgetary Highlights

Total revenues in the General Fund were under budgeted amounts by $1,565,231, or approximately 11%. This final result is a combination of both positive and negative variances as reported on the General Fund Budgetary Comparison Statement presented on pages 18 and 19. The largest positive variance, $979,318 is reported in the line item of charges for services.

General Fund expenditures (not including other financing uses) for the year ended December 31, 2016 were under budget by $50,599, or approximately .3%. The largest area of variance of $14,074 was positive and is reported within the public works category.

Capital Asset and Debt Administration

Mitchell County, Georgia's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounts to $18,914,475 (net of accumulated depreciation). This is a decrease of $177,598 from last year. The decrease is mostly due the depreciation of capital assets. Table 4 is summary data of capital assets.

Table 4
Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities	Business-type Activities	Total
Land	$ 3,461,069	$ 81,920	$ 3,542,989
Buildings	4,083,708	286,433	4,370,141
Infrastructure	9,001,192	164,197	9,165,389
Vehicles and equipment	1,835,956	-	1,835,956
Totals	$ 18,381,925	$ 532,550	$ 18,914,475

It should be noted that the majority of the capital assets in Mitchell County, Georgia have been obtained through the use of Special Purpose Local Option Sales Tax (SPLOST). Currently, the County is approximately 95% complete with the 2006 SPLOST program. More detail on the County's capital assets can be found in Note 6, pages 37 and 38 of the Notes to the Financial Statements.

At year end, the County had a total of $10,346,195 in outstanding long term liabilities which includes $2,951,758 in closure and post closure care costs for the Mitchell County Landfill and the balance being notes payable, bonds payable, capital leases and compensated absences. More information regarding the County's long-term debt can be found in Note 7, pages 39-42, and short-term debt can be found in Note 8, page 42 in the Notes to Financial Statements.

Other Economic Factors

The Board of Commissioners and the staff have considered several factors when establishing the FY17 budget including the effects rendered on the County as a result of the overall economic issues affecting the entire County as a result in decreasing SPLOST revenues, the continuing, but improving, impact of the 2009 mortgage crisis on the tax digest and the obligations due from the County's guarantee of FUEL bonds. Mitchell County took advantage of an opportunity to refinance the outstanding balance on the FUEL bonds at a substantial annual savings to the citizens and renegotiated a number of existing contracts that provided additional savings.

Finally, the Board of Commissioners, in conjunction with the County Administrator and staff will continue to develop various financial policies to help govern the way Mitchell County, Georgia does business. We now utilize standards that accurately track account balances on a monthly basis compared to budget that are reviewed and provided to the elected officials as well as supervisory staff to help insure the accuracy and integrity of the County's financial statements. We will continue to develop and implement standards that will ensure appropriate procurement procedures are followed and adherence to budget is achieved.

Contacting the County's Financial Management

This Annual Financial Report is designed to help citizens, taxpayers, customers, investors, and creditors evaluate the overall condition of Mitchell County, Georgia and the operations thereof. Additional details can be requested by mail at the following address: Mitchell County Board of Commissioners, P.O. Box 187, Camilla, Georgia 31730.

MITCHELL COUNTY, GEORGIA

STATEMENT OF NET POSITION

DECEMBER 31, 2016

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Mitchell County Board of Health
Cash and cash equivalents	$ 13,460,510	$ 41,350	$ 13,501,860	$ 282,944
Investments	993,796	-	993,796	-
Taxes receivable	2,272,255	-	2,272,255	-
Accounts receivable, net of allowances	88,454	56,360	144,814	7,638
Interest receivable	3,561	-	3,561	-
Notes receivable	77,588	-	77,588	-
Internal balances	(82,299)	82,299	-	-
Due from other governments	-	-	-	47,375
Capital assets:				
Nondepreciable	3,461,069	81,920	3,542,989	-
Depreciable, net of accumulated depreciation	14,920,856	450,630	15,371,486	-
Total assets	35,195,790	712,559	35,908,349	337,957
DEFERRED OUTFLOWS OF RESOURCES				
Pension differences	882,986	-	882,986	110,537
Total deferred outflows of resources	882,986	-	882,986	110,537
LIABILITIES				
Outstanding checks in excess of bank balance	54,734	-	54,734	-
Accounts payable	307,740	-	307,740	22,264
Accrued liabilities	209,838	-	209,838	1,111
Claims payable	124,553	-	124,553	-
Due to other governments	15,234	-	15,234	-
Capital leases payable due within one year	280,078	-	280,078	-
Capital leases payable due in more than one year	724,252	-	724,252	-
Notes payable due within one year	-	31,300	31,300	-
Notes payable due in more than one year	-	35,349	35,349	-
Bonds payable due within one year	890,000	-	890,000	-
Bonds payable due in more than one year	3,825,000	-	3,825,000	-
Compensated absences due within one year	142,261	-	142,261	2,566
Compensated absences due more than one year	35,565	-	35,565	23,096
Closure and postclosure care costs	2,951,758	-	2,951,758	-
Net pension liability	1,430,632	-	1,430,632	569,951
Total liabilities	10,991,645	66,649	11,058,294	618,988
DEFERRED INFLOWS OF RESOURCES				
Pension differences	-	-	-	45,677
Total deferred inflows of resources	-	-	-	45,677
NET POSITION				
Net investment in capital assets	17,377,595	465,901	17,843,496	-
Restricted for:				
Judicial	16,798	-	16,798	-
Victims witness program	2,108	-	2,108	-
Public safety	345,323	-	345,323	-
Economic development	111,934	-	111,934	-
Capital outlay	5,129,594	-	5,129,594	-
Special use	-	-	-	259,387
Unrestricted (deficit)	2,103,779	180,009	2,283,788	(475,558)
Total net position	$ 25,087,131	$ 645,910	$ 25,733,041	$ (216,171)

The accompanying notes are an integral part of these financial statements.

MITCHELL COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 4,341,641	$ 178,840	$ -	$ -
Judicial	948,595	-	9,029	-
Public safety	6,162,285	2,679,074	-	34,495
Public works	3,890,903	55,962	543,541	27,768
Health and welfare	556,625	-	-	-
Recreation	345,456	56,740	-	-
Housing and development	736,444	10,050	16,517	426,200
Interest on long-term debt	181,930	-	-	-
Total governmental activities	17,163,879	2,980,666	569,087	488,463
Business-type activities:				
Water and sewer system	382,370	653,456	-	-
Total business-type activities	382,370	653,456	-	-
Total primary government	$ 17,546,249	$ 3,634,122	$ 569,087	$ 488,463
Component unit:				
Mitchell County Board of Health	713,599	281,963	433,915	-
Total component unit	$ 713,599	$ 281,963	$ 433,915	$ -
General revenues:				
Property taxes				
Sales taxes				
Insurance premium tax				
Other taxes				
Unrestricted investment earnings				
Other revenue				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Mitchell County Board of Health
$ (4,162,801)	$ -	$ (4,162,801)	$ -
(939,566)	-	(939,566)	-
(3,448,716)	-	(3,448,716)	-
(3,263,632)	-	(3,263,632)	-
(556,625)	-	(556,625)	-
(288,716)	-	(288,716)	-
(283,677)	-	(283,677)	-
(181,930)	-	(181,930)	-
(13,125,663)	-	(13,125,663)	-
-	271,086	271,086	-
-	271,086	271,086	-
(13,125,663)	271,086	(12,854,577)	-
-	-	-	2,279
$ -	$ -	$ -	$ 2,279
$ 12,170,951	$ -	$ 12,170,951	$ -
2,092,928	-	2,092,928	-
732,821	-	732,821	-
237,457	-	237,457	-
13,761	-	13,761	-
408,000	-	408,000	-
36,131	-	36,131	-
176,250	(176,250)	-	-
15,868,299	(176,250)	15,692,049	-
2,742,636	94,836	2,837,472	2,279
22,344,495	551,074	22,895,569	(218,450)
$ 25,087,131	$ 645,910	$ 25,733,041	$ (216,171)

MITCHELL COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2016

ASSETS	General Fund	2012-2017 Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 8,146,316	$ 4,446,118	$ 868,076	$ 13,460,510
Investments	740,000	-	253,796	993,796
Taxes receivables	1,966,925	174,594	130,736	2,272,255
Accounts receivables, net of allowances	88,454	-	-	88,454
Notes receivable	-	-	77,588	77,588
Interest receivable	3,561	-	-	3,561
Due from other funds	18,600	-	-	18,600
Total assets	$ 10,963,856	$ 4,620,712	$ 1,330,196	$ 16,914,764
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 307,740	$ -	$ -	$ 307,740
Accrued liabilities	209,838	-	-	209,838
Due to other funds	82,299	-	18,600	100,899
Due to other governments	-	15,234	-	15,234
Total liabilities	599,877	15,234	18,600	633,711
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	697,679	-	-	697,679
Total deferred inflow of resources	697,679	-	-	697,679
FUND BALANCES				
Nonspendable:				
Long-term receivable	-	-	77,588	77,588
Restricted for:				
Judicial	-	-	16,798	16,798
Victims witness program	2,108	-	-	2,108
Public safety	-	-	345,323	345,323
Economic development	-	-	111,934	111,934
Capital outlay	524,116	4,605,478	-	5,129,594
Committed for:				
Public safety	-	-	249,245	249,245
Public assistance	-	-	36,198	36,198
Housing and development	-	-	474,510	474,510
Unassigned	9,140,076	-	-	9,140,076
Total fund balances	9,666,300	4,605,478	1,311,596	15,583,374
Total liabilities, deferred inflows of resources, and fund balances	$ 10,963,856	$ 4,620,712	$ 1,330,196	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,381,925
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	697,679
Deferred outflows of resources related to the County's pension plan are not available to pay for current expenditures and, therefore, are not reported in the governmental funds.	882,986
Internal service funds are used by management to charge the costs of risk management to the individual funds. The assets and liabilities of the internal service fund is included in governmental activities.	(179,287)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.	(8,848,914)
The net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds.	(1,430,632)
Net position of governmental activities	$ 25,087,131

The accompanying notes are an integral part of these financial statements.

MITCHELL COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	2012-2017 Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 12,130,218	$ -	$ 580,955	$ 12,711,173
Sales taxes	92,031	2,000,897	-	2,092,928
Insurance premium taxes	732,821	-	-	732,821
Other taxes	237,457	-	-	237,457
Licenses and permits	56,961	-	-	56,961
Intergovernmental	602,882	-	426,200	1,029,082
Charges for services	1,601,512	-	609,754	2,211,266
Fines and forfeitures	425,121	-	73,249	498,370
Contributions	5,000	-	-	5,000
Interest income	8,909	28,453	4,867	42,229
Other revenues	204,019	-	10,050	214,069
Total revenues	16,096,931	2,029,350	1,705,075	19,831,356
Expenditures				
Current:				
General government	4,385,926	-	-	4,385,926
Judicial	919,329	-	18,828	938,157
Public safety	4,473,407	-	1,367,826	5,841,233
Public works	2,606,859	-	8,000	2,614,859
Health and welfare	182,691	-	-	182,691
Recreation	345,628	-	-	345,628
Housing and development	337,113	-	370,306	707,419
Intergovernmental	-	937,626	-	937,626
Capital outlay	-	383,109	65,301	448,410
Debt service:				
Principal	968,991	-	52,811	1,021,802
Interest	191,357	-	3,640	194,997
Total expenditures	14,411,301	1,320,735	1,886,712	17,618,748
Excess (deficiency) of revenues over (under) expenditures	1,685,630	708,615	(181,637)	2,212,608
Other financing sources (uses)				
Proceeds from the sale of capital assets	3,131	-	33,000	36,131
Transfers in	216,250	-	289,978	506,228
Transfers out	(289,978)	-	(40,000)	(329,978)
Total other financing sources (uses)	(70,597)	-	282,978	212,381
Net change in fund balances	1,615,033	708,615	101,341	2,424,989
Fund balances, beginning of year, as restated	8,051,267	3,896,863	1,210,255	13,158,385
Fund balances, end of year	$ 9,666,300	$ 4,605,478	$ 1,311,596	$ 15,583,374

The accompanying notes are an integral part of these financial statements.

MITCHELL 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

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$	2,424,989
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 depreciation exceeds capital outlays in the current period.		(135,398)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(540,222)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		992,577
The internal service fund is used by management to charge the cost of employee health insurance to individual funds. The net expense of the internal service fund is reported with governmental activities.		116,046
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.		(115,356)
Change in net position - governmental activities	$	2,742,636

The accompanying notes are an integral part of these financial statements.

MITCHELL COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 11,549,000	$ 11,150,900	$ 12,130,218	$ 979,318
Sales taxes	68,700	68,000	92,031	24,031
Insurance premium taxes	685,000	685,000	732,821	47,821
Other taxes	210,000	210,000	237,457	27,457
Licenses and permits	45,000	45,000	56,961	11,961
Intergovernmental	552,550	600,000	602,882	2,882
Charges for services	1,494,400	1,269,800	1,601,512	331,712
Fines and forfeitures	516,400	400,000	425,121	25,121
Contributions	-	-	5,000	5,000
Interest revenue	3,000	3,000	8,909	5,909
Other revenues	284,900	100,000	204,019	104,019
Total revenues	15,408,950	14,531,700	16,096,931	1,565,231
Expenditures:				
Current:				
General government:				
Board of commissioners	167,623	74,000	73,300	700
Board of registrars	208,650	170,000	168,017	1,983
Commissioners office	394,675	450,000	446,954	3,046
General government	1,882,750	2,610,000	2,609,591	409
Tax commissioner	271,550	248,000	246,887	1,113
Tax assessor	327,600	305,000	302,261	2,739
Courthouse/public buildings	189,800	220,000	217,816	2,184
Other services	340,975	323,000	321,100	1,900
Total general government	3,783,623	4,400,000	4,385,926	14,074
Judicial:				
Superior court	198,225	71,000	70,275	725
Clerk of Superior court	264,600	268,000	267,030	970
Board of equalization	4,550	1,500	1,303	197
District attorney	33,400	33,400	33,400	-
State court	221,950	160,000	159,181	819
Magistrate court	213,000	195,000	192,675	2,325
Probate court	129,225	131,000	130,319	681
Juvenile court	50,275	66,000	65,146	854
Total judicial	1,115,225	925,900	919,329	6,571
Public safety:				
Sheriff	2,979,800	2,615,000	2,612,747	2,253
Corrections	2,025,925	1,555,000	1,554,791	209
Probation/community service	157,000	145,000	144,769	231
Volunteer fire association	-	4,000	3,752	248
Emergency medical services	36,125	33,000	32,083	917
Coroner	37,427	28,000	27,128	872
Animal control	91,275	80,000	77,813	2,187
Emergency management agency	32,200	22,000	20,324	1,676
Total public safety	5,359,752	4,482,000	4,473,407	8,593

(Continued)

MITCHELL COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures: (Continued)				
Current:				
Public works:				
Public works	$ 2,335,275	$ 2,200,000	$ 2,188,963	$ 11,037
Landfill	562,750	420,000	417,896	2,104
Total public works	2,898,025	2,620,000	2,606,859	13,141
Health and welfare:				
Health centers	171,700	173,000	172,691	309
Public welfare	10,000	10,000	10,000	-
Total health and welfare	181,700	183,000	182,691	309
Recreation	349,750	347,000	345,628	1,372
Housing and development:				
NRCS - conservation office	35,225	36,000	35,294	706
Extension service	95,400	85,000	83,986	1,014
Planning and zoning	138,725	130,000	126,874	3,126
Development authority	90,150	91,000	90,959	41
Total housing and development	359,500	342,000	337,113	4,887
Debt service:				
Principal	1,043,050	970,000	968,991	1,009
Interest	174,800	192,000	191,357	643
Total debt service	1,217,850	1,162,000	1,160,348	1,652
Total expenditures	15,265,425	14,461,900	14,411,301	50,599
Excess of revenues over expenditures	143,525	69,800	1,685,630	1,615,830
Other financing sources (uses)				
Proceeds from sale of capital assets	10,000	3,200	3,131	(69)
Transfers in	201,250	217,000	216,250	(750)
Transfers out	(354,775)	(290,000)	(289,978)	22
Total other financing sources (uses)	(143,525)	(69,800)	(70,597)	(797)
Net change in fund balances	-	-	1,615,033	1,615,033
Fund balances, beginning of year, as restated	8,051,267	8,051,267	8,051,267	-
Fund balances, end of year	$ 8,051,267	$ 8,051,267	$ 9,666,300	$ 1,615,033

The accompanying notes are an integral part of these financial statements.

MITCHELL COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

DECEMBER 31, 2016

	Water and Sewer System	Governmental Activities - Internal Service Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 41,350	$ -	$ 41,350
Accounts receivable	56,360	-	56,360
Due from other funds	82,299	-	82,299
Total current assets	180,009	-	180,009
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	81,920	-	81,920
Depreciable, net of accumulated depreciation	450,630	-	450,630
Total noncurrent assets	532,550	-	532,550
Total assets	712,559	-	712,559
LIABILITIES			
CURRENT LIABILITIES			
Outstanding checks in excess of bank balance	-	54,734	54,734
Claims payable	-	124,553	124,553
Current portion - notes payable	31,300	-	31,300
Total current liabilities	31,300	179,287	210,587
NONCURRENT LIABILITIES			
Notes payable, net of current portion	35,349	-	35,349
Total noncurrent liabilities	35,349	-	35,349
Total liabilities	66,649	179,287	245,936
NET POSITION (DEFICIT)			
Net investment in capital assets	465,901	-	465,901
Unrestricted (deficit)	180,009	(179,287)	722
Total net position (deficit)	$ 645,910	$ (179,287)	$ 466,623

The accompanying notes are an integral part of these financial statements.

MITCHELL COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Water and Sewer System	Governmental Activities - Internal Service Fund	Totals
OPERATING REVENUES			
Charges for services	$ 653,456	$ 2,202,035	$ 2,855,491
Total operating revenues	653,456	2,202,035	2,855,491
OPERATING EXPENSES			
Personal services	1,565	-	1,565
Cost of sales and services	203,484	-	203,484
Supplies	131,528	-	131,528
Claims	-	2,085,989	2,085,989
Depreciation	42,200	-	42,200
Total operating expenses	378,777	2,085,989	2,464,766
Operating income	274,679	116,046	390,725
NONOPERATING EXPENSES			
Interest expense	(3,593)	-	(3,593)
Total nonoperating expenses	(3,593)	-	(3,593)
Income before transfers	271,086	116,046	387,132
TRANSFERS			
Transfers out	(176,250)	-	(176,250)
Total transfers	(176,250)	-	(176,250)
Change in net position	94,836	116,046	210,882
NET POSITION (DEFICIT), beginning of year	551,074	(295,333)	255,741
NET POSITION (DEFICIT), end of year	$ 645,910	$ (179,287)	$ 466,623

The accompanying notes are an integral part of these financial statements.

MITCHELL COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Water and Sewer System	Governmental Activities - Internal Service Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 547,199	$ 2,202,035	$ 2,749,234
Payments to suppliers	(335,012)	(2,224,793)	(2,559,805)
Payments to employees	(2,380)	-	(2,380)
Net cash provided by (used in) operating activities	209,807	(22,758)	187,049
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(176,250)	-	(176,250)
Net cash used in noncapital financing activities	(176,250)	-	(176,250)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on notes payable	(29,964)	-	(29,964)
Interest paid	(3,593)	-	(3,593)
Net cash used in capital and related financing activities	(33,557)	-	(33,557)
Decrease in cash and cash equivalents	-	(22,758)	(22,758)
Cash and cash equivalents:			
Beginning of year	41,350	(31,976)	9,374
End of year	$ 41,350	$ (54,734)	$ (13,384)
Classified as:			
Cash and cash equivalents	$ 41,350	$ -	$ 41,350
Outstanding checks in excess of bank balance	-	(54,734)	(54,734)
	$ 41,350	$ (54,734)	$ (13,384)
Reconciliation of operating income to net cash provided by (used in) operating activities			
Operating income	$ 274,679	$ 116,046	$ 390,725
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	42,200	-	42,200
Changes in assets and liabilities:			
Increase in accounts receivable	(23,958)	-	(23,958)
Decrease in claims payable	-	(138,804)	(138,804)
Decrease in compensated absences	(815)	-	(815)
Net cash provided by (used in) operating activities	$ 209,807	$ (22,758)	$ 187,049

The accompanying notes are an integral part of these financial statements.

MITCHELL COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

DECEMBER 31, 2016

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 217,051
Taxes receivable	1,633,406
Total assets	$ 1,850,457
LIABILITIES	
Due to others	$ 217,051
Uncollected taxes	1,633,406
Total liabilities	$ 1,850,457

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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.

A. Reporting Entity

Mitchell County, Georgia, (the "County") operates under a County Commissioner-Administrator form of government and provides the following services to the citizens of Mitchell County: public safety (police and fire), public works, recreation, judicial services, health and welfare services, housing and development, and general administrative services.

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Mitchell County, Georgia (the "primary government") and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Discretely Presented Component Unit

The **Mitchell County Board of Health** (the "Health Department") provides health services to the citizens of the County. The Health Department is a legally separate entity. The County Commissioners appoint a voting majority of the Health Department. The County has the ability to impose its will on the Health Department in accordance with the Official Code of Georgia (O.C.G.A.) Section 31-3-14. The fiscal year end of the component unit is June 30. Complete financial statements of the Mitchell County Health Department may be obtained from its administrative office at 88 W. Oakland Ave., Camilla, Georgia 31730.

Blended Component Unit

The **Mitchell County Development Authority** (the "Development Authority") is responsible for promoting industrial and commercial development within Mitchell County. The Development Authority is responsible for adopting its own annual budget and making its own operating decisions. A majority of the members of the governing board of the Development Authority are appointed by the County Commission. Additionally, the debt of the Development Authority is being repaid by the County. Separate financial statements for the Development Authority were not prepared.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. 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 non-fiduciary 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 is 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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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 the fiduciary fund financial statements. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Property taxes, sales taxes, franchise taxes, licenses, investment income, Federal and State grants 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 ***2012-2017 Sales Tax Fund*** accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for: road and drainage projects; public safety projects; economic development projects; and various City projects within Mitchell County.

The County reports the following major business-type fund:

The ***Water and Sewer System*** is an enterprise fund used to account for the provision of water services to the citizens of Mitchell County. Activities of the fund include water administration, operations, billing and collections.

The County reports the following internal service fund:

The ***Self-Insurance Health Benefit Fund*** is used to account for the self-insured health benefit plan provided for the employees of the County.

Additionally, the County reports the following fund types:

The ***special revenue funds*** account for revenue sources that are legally restricted or committed to expenditures for specific purposes.

The ***capital project funds*** account for the acquisition or construction facilities.

The ***agency funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, support payments and ad valorem and property taxes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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 of the enterprise funds are charges to customers for sales and services provided. Operating expenses for the enterprise funds include the cost of sales and 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.

D. Cash and Investments

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.

E. Short-Term Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). 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 resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets is included as part of the capitalized value of the assets constructed. No interest expense was capitalized during the year ending December 31, 2016.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Primary Government	
Buildings and improvements	20 years
Infrastructure	50 years
Vehicles and equipment	5 - 10 years
Mitchell County Health Department	
Machinery and equipment	5 - 7 years

G. 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, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences

The County's policy is to permit employees to accumulate earned but unused vacation as follows: 240 hours for all departments except, 252 hours for Sheriff's department, 300 hours for the Correctional Institute, and 450 hours for Ambulance service employees. All compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

I. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, represents a consumption of fund balance/net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The County does not have any items that qualify for reporting in this category, other than the items related to the changes in the net pension liability which are discussed below.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, represents an acquisition of fund balance/net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and other receivables, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The County also has deferred outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Pensions

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

K. Fund Equity and 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 assets/deferred outflows of resources and liabilities/deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows.

- ***Nonspendable*** - Fund balances are reported as nonspendable when 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) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, 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 voting action of the County Commission through the adoption of a resolution. Only the County Commission may modify or rescind the commitment by passage of a subsequent ordinance.
- ***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 County Commission has authorized the County Administrator to assign fund balances for particular purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity and Net Position (Continued)

- ***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 (or deficits in fund balances) may be reported in all funds when there fund deficits after all other spendable forms of fund balance have been exhausted.

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

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

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Restrictions on the government-wide statement of net position represents amount segregated to meet debt covenants and capital projects as restricted by Federal and State laws.

L. Management Estimates

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

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $8,848,914 difference are as follows:

Capital lease payable	$ (1,004,330)
Bonds payable	(4,715,000)
Compensated absences	(177,826)
Postclosure care costs	(2,951,758)
Net adjustment to reduce *fund balance - total governmental* to arrive at *net position - governmental activities*	$ (8,848,914)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $135,398 difference are as follows:

Capital outlay	$ 767,347
Depreciation expense	(902,745)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (135,398)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $992,577 difference are as follows:

Principal payments - capital lease	$	156,802
Principal payments - bonds payable		865,000
Change in postclosure care liability		(29,225)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	992,577

Another element of that reconciliation states that "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." The details of this $115,356 difference are as follows:

Compensated absences	$	(24,904)
Change in accrued interest payable		13,067
Change in net pension and related deferred outflows of resources		(103,519)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(115,356)

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to year end, the County Administrator submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted at the County Courthouse to obtain taxpayer comments.

3. Prior to January 1, the budget is legally enacted through approval by the Board of Commissioners.

4. The Board of Commissioners have the authority to amend the budget. An increase in appropriation in any fund for a department, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the Board of Commissioners. Transfers of appropriations in any fund among the various accounts within a department shall require only the approval of the budget officer.

5. Formal budgetary integration is employed as a measurement control device during the year for the General Fund and all Special Revenue Funds. Project-length budgets are adopted for capital projects funds.

6. The budget for the General Fund and the Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are presented in accordance with finance-related legal and contractual provisions.

Budgeted amounts are as originally adopted on December 22, 2015 or as amended by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations.

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to assign or commit that portion of the applicable appropriation, is not utilized by the County.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

C. Excess Expenditures Over Appropriations

For the year ended December 31, 2016, the General Fund had no departments with excess of actual expenditures over appropriations.

NOTE 4. CASH AND INVESTMENTS

Credit risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

At December 31, 2016, Mitchell County had the following investment:

Investments	Maturities	Fair Value
Certificates of deposit	280 - 426 days	$ 740,000

At December 31, 2016, the Mitchell County Development Authority, a blended component unit of the County, had the following investment:

Investments	Maturities	Fair Value
Certificates of deposit	363 days	$ 253,796

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

Custodial credit risk – deposits. The County does not have a formal custodial credit risk policy. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities.

NOTE 5. RECEIVABLES

Receivables consisted of the following at December 31, 2016:

	General	2012-2017 Sales Tax Fund	Nonmajor Governmental Funds	Water and Sewer System	Total
Receivables:					
Taxes	$ 2,111,818	$ 174,594	$ 130,736	$ -	$ 2,417,148
Accounts	88,454	-	-	56,360	144,814
Notes	-	-	77,588	-	77,588
Gross receivables	2,200,272	174,594	208,324	56,360	2,639,550
Less allowance for uncollectibles	(144,893)	-	-	-	(144,893)
Net total receivable	$ 2,055,379	$ 174,594	$ 208,324	$ 56,360	$ 2,494,657

Notes receivable consist of loans to other entities for community development funded by the Department of Housing and Urban Development through the State of Georgia Department of Community Affairs.

Property taxes attached as an enforceable lien on property as of January 1, 2016. Property taxes were levied on February 6, 2016, and payable on or before December 20, 2016. The County bills and collects its own property taxes. Property taxes levied for 2016 are recorded as receivables, net of estimated uncollectible accounts. The net receivables collected during the year ended December 31, 2016, and collected by February 28, 2017, are recognized as revenues in the year ended December 31, 2016. Net receivables estimated to be collected subsequent to February 28, 2017, are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

NOTE 6. CAPITAL ASSETS

The County's capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land and land improvements	$ 3,058,069	$ 403,000	$ -	$ -	$ 3,461,069
Total capital assets, not being depreciated	3,058,069	403,000	-	-	3,461,069
Capital assets, being depreciated:					
Buildings	10,619,341	-	-	-	10,619,341
Infrastructure	17,705,482	45,686	-	-	17,751,168
Vehicles and equipment	11,604,890	318,661	-	(190,001)	11,733,550
Total capital assets, being depreciated	39,929,713	364,347	-	-	40,104,059
Less accumulated depreciation for:					
Buildings	(6,272,556)	(263,077)	-	-	(6,535,633)
Infrastructure	(8,416,801)	(333,175)	-	-	(8,749,976)
Vehicles and equipment	(9,781,102)	(306,493)	-	190,001	(9,897,594)
Total accumulated depreciation	(24,470,459)	(902,745)	-	-	(25,183,203)
Total capital assets, being depreciated, net	15,459,254	(538,398)	-	-	14,920,856
Governmental activities capital assets, net	$ 18,517,323	$ (135,398)	$ -	$ -	$ 18,381,925

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Balance	Increases	Decreases	Transfers	Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	$ 81,920	$ -	$ -	$ -	$ 81,920
Total capital assets, not being depreciated	81,920	-	-	-	81,920
Capital assets, being depreciated:					
Building and improvements	1,522,823	-	-	-	1,522,823
Infrastructure	721,301	-	-	-	721,301
Vehicles and equipment	29,983	-	-	-	29,983
Total	2,274,107	-	-	-	2,274,107
Less accumulated depreciation for:					
Building and improvements	(1,205,918)	(30,472)	-	-	(1,236,390)
Infrastructure	(545,376)	(11,728)	-	-	(557,104)
Vehicles and equipment	(29,983)	-	-	-	(29,983)
Total	(1,781,277)	(42,200)	-	-	(1,823,477)
Total capital assets, being depreciated, net	492,830	(42,200)	-	-	450,630
Business-type activities capital assets, net	$ 574,750	$ (42,200)	$ -	$ -	$ 532,550

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

Governmental activities:	
General government	$ 12,147
Judicial	9,168
Public safety	316,115
Public works	539,788
Recreation	6,215
Housing and development	19,312
Total depreciation expense - governmental activities	$ 902,745
Business-type activities:	
Water and Sewer System Fund	$ 42,200
Total depreciation expense - business-type activities	$ 42,200

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended December 31, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases payable	$ 1,161,132	$ -	$ (156,802)	$ 1,004,330	$ 280,078
Bonds payable	5,580,000	-	(865,000)	4,715,000	890,000
Compensated absences	152,922	119,892	(94,988)	177,826	142,261
Landfill postclosure care costs	2,922,533	49,314	(20,089)	2,951,758	-
Net pension liability	738,559	971,119	(279,046)	1,430,632	-
Governmental activities long-term liabilities	$ 10,555,146	$ 1,140,325	$ (1,415,925)	$ 10,279,546	$ 1,312,339
Business-type activities:					
Notes payable	$ 96,613	$ -	$ (29,964)	$ 66,649	$ 31,300
Compensated absences	815	-	(815)	-	-
Business-type activities long-term liabilities	$ 97,428	$ -	$ (30,779)	$ 66,649	$ 31,300
Component unit - Mitchell County Board of Health:					
Compensated absences	$ 26,699	$ -	$ (1,037)	$ 25,662	$ 2,566
Mitchell County Board of Health long-term liabilities	$ 26,699	$ -	$ (1,037)	$ 25,662	$ 2,566

For governmental activities, compensated absences are liquidated by the General Fund and E911 Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer System Fund.

The beginning balance of notes payable has been removed as it was recorded in error. See Note 15 for further discussion.

Notes Payable. The County has incurred debt to a financial institution for the purchase of equipment. This note is as follows at December 31, 2016:

Purpose	Original Amount	Interest Rate	Due Date	Balance at December 31, 2016
Water system additions	$ 226,923	4.24%	2019	$ 66,649
				66,649
			Less current maturities	(31,300)
				$ 35,349

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable (continued). The note payable debt service requirements to maturity, including interest is as follows:

Fiscal Year Payable	Total	Principal	Interest
2017	$ 33,557	$ 31,300	$ 2,257
2018	33,557	32,672	885
2019	2,798	2,677	121
	$ 69,912	$ 66,649	$ 3,263

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inceptions. Depreciation on leased assets under capital leases was $119,641 as of December 31, 2016.

The following is an analysis of leased assets under capital leases as of December 31, 2016:

	Governmental Activities
Equipment	$ 3,017,268
Less: Accumulated depreciation	(1,963,034)
	$ 1,054,234

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments as of December 31, 2016:

	Governmental Activities
Year ending December 31,	
2017	$ 299,722
2018	427,252
2019	29,216
2020	287,411
Total minimum lease payments	1,043,601
Less amount representing interest	(39,271)
Present value of future minimum lease payments	$ 1,004,330

NOTE 7. LONG-TERM DEBT (CONTINUED)

Landfill Postclosure Care Cost. Mitchell County, Georgia has closed its landfill and placed a final cover on the landfill in accordance with State and Federal laws and regulations. In addition, State and Federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for 30 years after closure.

Although the postclosure care costs will be paid when the services are performed, the County reports a liability of $2,951,758 at December 31, 2016. This amount represents the cumulative amount of landfill postclosure cost based on 100 percent of the capacity of the landfill. The County has no assets restricted for payment of postclosure care cost. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Revenue Bonds. During the year ended December 31, 2006, the County entered into an agreement with the Mitchell County Development Authority, a component unit, for the issuance of bonds in the amount of $10,000,000 to First United Ethanol, LLC (FUEL). Under the agreement, the Mitchell County Development Authority is authorized to issue revenue bonds bearing rates of interest and maturities determined by the Mitchell County Development Authority to finance projects consistent with the powers and purposes of the agreement. Such bonds, thus issued, shall be paid first from the income of the Mitchell County Development Authority. In the event such income is not sufficient to pay the principal and interest of such bonds, as they mature, then the Commissioners of the County are authorized and required to provide the additional funds necessary to make such payment, and for this purpose the Commissioners are authorized to levy an annual tax on all taxable property within the County, provided such tax shall not exceed five (5) mills. During the year ended December 31, 2010, FUEL, the original borrower of the bonds, entered into bankruptcy proceedings and the bonds became the responsibility of the County pursuant to the contract between the County and the Mitchell County Development Authority. The County recorded the bond issuance revenue and off-setting economic development expenditures of $9,250,000 in the General Fund to report the debt at the Fund level. During the year ended December 31, 2015, the County refinanced the bonds to accrue interest at 2.810% with payments beginning June 1, 2015. The County will experience a decrease in interest of $1,444,039 as a result of the refinancing.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue bonds debt service requirements to maturity are as follows as of December 31, 2016:

Year ending December 31,	Principal	Interest	Total
2017	$ 890,000	$ 132,492	$ 1,022,492
2018	915,000	107,483	1,022,483
2019	945,000	81,771	1,026,771
2020	970,000	55,217	1,025,217
2021	995,000	27,960	1,022,960
	$ 4,715,000	$ 404,923	$ 5,119,923

Conduit Debt. On October 29, 2013, the Mitchell County Development Authority issued Series 2013 taxable revenue bonds to provide financial assistance to a private-sector entity for the acquisition and construction of a solar panel farm. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans and lease agreements. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The Development Authority is not obligated in any manner for repayment of the bonds. The bonds bear an interest rate of 7.0% with interest only payments due on November 15 of each year, and final payment of principal and interest due on December 31, 2018. The outstanding balance as of December 31, 2016 is $30,000,000.

NOTE 8. SHORT-TERM DEBT – REVOLVING LINE OF CREDIT

The County has a revolving line of credit to use for financing a variety of public projects, including financing general operations during periods of uneven property and sales tax collections. The County did not use the line of credit during the year-end December 31, 2016.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund receivables and payables as of December 31, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
Water and Sewer System Fund	General Fund	$ 82,299
General Fund	Nonmajor Governmental Funds	18,600
		$ 100,899

The purpose of interfund receivables and payables is to meet temporary cash flow requirements which result in timing differences between receiving and recognizing certain revenues.

Interfund transfers for the year ended December 31, 2016, consisted of the following amounts:

	Transfer From			
Transfer To	General Fund	Water and Sewer System Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 176,250	$ 40,000	$ 216,250
Nonmajor Governmental Funds	289,978	-	-	289,978
Total	$ 289,978	$ 176,250	$ 40,000	$ 506,228

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10. RETIREMENT PLANS

A. Deferred Compensation Plan

Mitchell County maintains a deferred compensation plan, the Mitchell County Retirement Savings Plan (the “Savings Plan"), which was established by Mitchell County on January 1, 1998 to provide reasonable retirement security for its employees. The Savings Plan is administered by Nationwide Retirement Solutions. At December 31, 2016, there were 7 active participants. The County does not make any contributions to the Savings Plan. Savings Plan participants can contribute up to 25% of their compensation. Savings Plan provisions and contribution requirements are established by and may be amended by the Mitchell County Board of Commissioners. For the year ended December 31, 2016, County employees contributed $4,810.

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan

Plan Description

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, The Mitchell County Defined Benefit Plan (the "Plan"), covering substantially all of the County's employees. The County's pension plan is administered through the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp and affiliated with the Association of County Commissioners of Georgia (ACCG). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Plan benefits are provided for Plan participants who were participants in the Plan before January 1, 2004 whereby retirees receive between 1% and 1.75% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. Plan benefits are provided for Plan participants who were participants in the Plan on or after January 1, 2004 whereby retirees receive 1% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the 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 County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at **www.gebcorp.com** or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

Plan Membership

As of January 1, 2016, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	63
Inactive plan members entitled to but not receiving benefits	105
Active plan members	81
	249

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of the ACCG Plan has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the County Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. No contributions are made by plan participants. For the year ended December 31, 2016, the County's contribution rate was 10.43% of annual payroll. County contributions to the Plan were $257,605 for the year ended December 31, 2016.

Net Pension Liability of the County

Effective July 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significantly changed the County's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The County's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2015.

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

Inflation	3%
Salary increases	3% per year with an aged base scale, including inflation
Investment rate of return	7.5 %, net of pension plan investment expense, including inflation

Mortality rates for were based on the RP-2000 Combined Healthy Mortality Table.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of a February 2014 experience study.

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Net Pension Liability of the County (Continued)

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Expected future rates of return (expected returns, net of pension plan investment expense and 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return *
Fixed income	30 %	6.78 %
Large Cap equity	30	9.77
International equity	15	7.48
Other equity	20	9.23
Real estate	5	10.63
	100 %	

* Rates shown are net of the 3.00% assumed rate of inflation

Discount Rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made based on the average County contribution made to the Plan over the prior five years. Based on this assumption, 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 of the projected benefit payments to determine the total pension liability.

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Net Pension Liability of the County (Continued)

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended December 31, 2016, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	$ 6,866,380	$ 6,127,821	$ 738,559
Changes for the year:			
Service cost	87,534	-	87,534
Interest	501,347	-	501,347
Liability experience (gain)/loss	82,994	-	82,994
Assumption change	257,519	-	257,519
Contributions - employer	-	257,605	(257,605)
Contributions - employee	-	-	-
Net investment income	-	49,265	(49,265)
Benefit payments, including refunds of employee contributions	(363,530)	(363,530)	-
Administrative expense	-	(15,969)	15,969
Other charges	-	(53,580)	53,580
Net changes	565,864	(126,209)	692,073
Balances at December 31, 2016	$ 7,432,244	$ 6,001,612	$ 1,430,632

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.5 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's net pension liability	$ 2,415,116	$ 1,430,632	$ 610,647

NOTE 10. RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Plan (Continued)

Net Pension Liability of the County (Continued)

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 revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2016 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2016, the County recognized pension expense of $356,177. At December 31, 2016, the County reported deferred outflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 369,997	$ -
Changes in assumptions	193,139	-
Differences between expected and actual experience of economic/demographic (gains)/losses	62,245	-
Contributions subsequent to the measurement date	257,605	-
	$ 882,986	$ -

County contributions subsequent to the measurement date of $257,605 will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2017	$ 94,492
2018	179,620
2019	179,620
2020	171,649
Total	$ 625,381

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the Association of County Commissioners of Georgia (ACCG) Group Self-Insurance Workers' Compensation Fund and the Interlocal Risk Management Agency Property and Liability Insurance Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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

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

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

The County maintains a self-insured medical benefit plan for their employees. The Plan is accounted for as an internal service fund of the County, is funded according to Plan experience, and serves to reduce overall healthcare costs of the County employees. The County purchases specific and aggregate stop loss insurance coverage to protect itself in unusual circumstances. Claims payable at December 31, 2016 were estimated based on the loss analysis report provided by a third-party administrator and pending specific stop loss reimbursements.

Changes in medical claims payable for the year ended December 31 is as follows:

	2016	2015
Unpaid claims, beginning of fiscal year	**$ 263,357**	$ 121,464
Incurred claims and changes in estimates	**2,085,989**	1,303,144
Claim payments	**(2,224,793)**	(1,161,251)
Unpaid claims, end of fiscal year	**$ 124,553**	$ 263,357

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

The County is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

Grant Contingencies

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

NOTE 13. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the fourteen-county Georgia region, is a member of the Southwest Georgia Regional Commission (SGRC) and is required to pay annual dues thereto. During the year ended December 31, 2016, the County paid $15,233 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC's in Georgia. The SGRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the Southwest Georgia Regional Commission, 30 West Broad Street, Camilla, Georgia 31730.

NOTE 14. DEFICIT NET POSITION

The Self-Insurance Health Benefit Fund reported deficit net position of $179,287 at December 31, 2016. The Self-Insurance Health Benefit Fund deficit is intended to be eliminated through increased user charges and transfers from the General Fund.

NOTE 15. RESTATEMENT OF PRIOR YEAR EQUITY

The County has determined that a restatement to the January 1, 2016 beginning fund balance of the County's General Fund was required to remove a note receivable from a third party related to a guarantee of debt which had been recorded in error. The adjustment resulted in a change to beginning fund balance as follows:

General Fund fund balance, as previously reported	$	8,251,267
Adjustment needed to remove note receivable		(200,000)
General Fund fund balance, as restated	$	8,051,267

Additionally, the County has determined that a restatement of the County's governmental activities was required to remove the note receivable, as discussed above, and a note payable related to a guarantee of debt which had been recorded in error. The adjustment affected both an asset and a liability, and therefore had no effect on beginning net position of governmental activities.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS

	2016	2015
Total pension liability		
Service cost	**$ 87,534**	$ 88,502
Interest on total pension liability	**501,347**	495,345
Changes of benefit terms	**-**	-
Differences between expected and actual experience	**82,994**	-
Changes of assumptions	**257,519**	-
Benefit payments, including refunds of employee contributions	**(363,530)**	(322,069)
Net change in total pension liability	**565,864**	261,778
Total pension liability - beginning	**6,866,380**	6,604,602
Total pension liability - ending (a)	**$ 7,432,244**	$ 6,866,380
Plan fiduciary net position		
Contributions - employer	**$ 257,605**	$ 262,552
Contributions - employee	**-**	-
Net investment income	**49,265**	423,187
Benefit payments, including refunds of employee contributions	**(363,530)**	(310,428)
Administrative expenses	**(15,969)**	(15,076)
Other	**(53,580)**	(79,126)
Net change in plan fiduciary net position	**(126,209)**	281,109
Plan fiduciary net position - beginning	**6,127,821**	5,846,712
Plan fiduciary net position - ending (b)	**$ 6,001,612**	$ 6,127,821
County's net pension liability - ending (a) - (b)	**$ 1,430,632**	$ 738,559
Plan fiduciary net position as a percentage of the total pension liability	**80.8%**	89.2%
Covered-employee payroll	**$ 2,468,845**	$ 2,461,390
County's net pension liability as a percentage of covered-employee payroll	**57.9%**	30.0%

Notes to the Schedule
The schedule will present 10 years of information once it is accumulated.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS

	2016	2015
Actuarially determined contribution	**$ 252,908**	$ 249,651
Contributions in relation to the actuarially determined contribution	**257,605**	262,552
Contribution deficiency (excess)	**$ (4,697)**	$ (12,901)
Covered-employee payroll	**$ 2,468,845**	$ 2,461,390
Contributions as a percentage of covered -employee payroll	**10.4%**	10.7%

Notes to the Schedule:

Valuation date	January 1, 2016
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value - 5-year smoothing period
Assumed Rate of Return on Investments	7.50%
Projected Salary Increases	2% - 4.5% (including 3% for inflation)
Amortization Period	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Drug Abuse and Treatment Education Fund is used to account for the collection of additional penalties for certain drug related crimes, donations related to drug education, and for expenditure of those funds solely and exclusively restricted for drug abuse treatment and education programs relating to controlled substances and marijuana. (OCGA 15-21-100).

Jail Fund is used to account for revenues collected by the imposition of a 10% add-on fine as provided for by the Georgia Jail Construction and Staffing Act.

Law Library Fund is used to account for the resources received from the various courts of Mitchell County and disbursements for the support of a centralized law library.

CDBG Fund is used to account for the activities related to the Community Development Block Grant.

Jail Commissary Fund is used to account for the proceeds from jail inmate commissary sales.

E-911 System Fund is used to account for the County's emergency communications operations by providing an open channel between citizens and public safety providers.

Confiscated Assets Fund is used to account for activities related to drug raids.

Tornado Relief Fund is used to account for the County's activities related to grants received and relief provided for the 2009 tornado.

Mitchell County Development Authority is used to account for the County's activities related to economic and development projects.

Fire District Fund is used to account for funds received from property taxes restricted for expenditures for fire districts.

Revolving Loan Fund is a special revenue fund used to account for the operations of the County's revolving loans. Original funding was provided by the Department of Housing and Urban Development through the State of Georgia Department of Community Affairs.

Capital Project Fund

2006-2011 Sales Tax Fund accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for: road and drainage projects; emergency medical projects; courthouse projects; Flint River Auditorium project; debt service; and various City projects within Mitchell County.

MITCHELL COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2016

	Special Revenue Funds						
ASSETS	**Drug Abuse and Treatment Education Fund**	**Jail Fund**	**Law Library Fund**	**CDBG Fund**	**Jail Commissary Fund**	**E-911 Fund**	**Confiscated Assets Fund**
Cash and cash equivalents	$ 69,792	$ 20,820	$ 16,798	$ -	$ 249,245	$ -	$ 9,417
Investments	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Total assets	$ 69,792	$ 20,820	$ 16,798	$ -	$ 249,245	$ -	$ 9,417
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable:							
Long-term receivable	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for:							
Judicial	-	-	16,798	-	-	-	-
Public safety	69,792	20,820	-	-	-	-	9,417
Economic development	-	-	-	-	-	-	-
Committed for:							
Public safety	-	-	-	-	249,245	-	-
Public assistance	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-
Total fund balances	69,792	20,820	16,798	-	249,245	-	9,417
Total liabilities and fund balances	$ 69,792	$ 20,820	$ 16,798	$ -	$ 249,245	$ -	$ 9,417

Tornado Relief Fund	Mitchell County Development Authority	Fire District Fund	Revolving Loan Fund	Capital Projects Fund 2006-2011 Sales Tax Fund	Totals
$ 36,198	$ 220,714	$ 133,158	$ 111,934	$ -	$ 868,076
-	253,796	-	-	-	253,796
-	-	130,736	-	-	130,736
-	-	-	77,588	-	77,588
$ 36,198	$ 474,510	$ 263,894	$ 189,522	$ -	$ 1,330,196
$ -	$ -	$ 18,600	$ -	$ -	$ 18,600
-	-	18,600	-	-	18,600
$ -	$ -	$ -	$ 77,588	$ -	$ 77,588
-	-	-	-	-	16,798
-	-	245,294	-	-	345,323
-	-	-	111,934	-	111,934
-	-	-	-	-	249,245
36,198	-	-	-	-	36,198
-	474,510	-	-	-	474,510
36,198	474,510	245,294	189,522	-	1,311,596
$ 36,198	$ 474,510	$ 263,894	$ 189,522	$ -	$ 1,330,196

MITCHELL COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds						
	Drug Abuse and Treatment Education Fund	Jail Fund	Law Library Fund	CDBG Fund	Jail Commissary Fund	E-911 Fund	Confiscated Assets Fund
Revenues:							
Property taxes	$ -	$ -	-	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	8,000	-	-	-
Charges for services	-	-	-	-	311,225	298,529	-
Fines and forfeitures	21,921	44,177	7,151	-	-	-	-
Interest revenue	-	42	40	-	-	-	20
Other revenues	-	-	-	-	-	-	-
Total revenues	21,921	44,219	7,191	8,000	311,225	298,529	20
Expenditures:							
Current:							
Judicial	-	-	18,828	-	-	-	-
Public safety	20,367	-	-	-	231,074	532,056	10,500
Public works	-	-	-	8,000	-	-	-
Housing and development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	52,811	-
Interest	-	-	-	-	-	3,640	-
Total expenditures	20,367	-	18,828	8,000	231,074	588,507	10,500
Excess (deficiency) of revenues over (under) expenditures	1,554	44,219	(11,637)	-	80,151	(289,978)	(10,480)
Other financing sources (uses):							
Proceeds from sale of assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	289,978	-
Transfers out	-	(40,000)	-	-	-	-	-
Total other financing sources (uses)	-	(40,000)	-	-	-	289,978	-
Net change in fund balances	1,554	4,219	(11,637)	-	80,151	-	(10,480)
Fund balances, beginning of year	68,238	16,601	28,435	-	169,094	-	19,897
Fund balances, end of year	$ 69,792	$ 20,820	$ 16,798	$ -	$ 249,245	$ -	$ 9,417

					Capital Projects Fund	
Tornado Relief Fund	Mitchell County Development Authority	Fire District Fund	Revolving Loan Fund	2006-2011 Sales Tax Fund	Totals
$ -	$ -	$ 580,955	$ -	$ -	$ 580,955
-	418,200	-	-	-	426,200
-	-	-	-	-	609,754
-	-	-	-	-	73,249
68	2,306	-	2,376	15	4,867
-	10,050	-	-	-	10,050
68	430,556	580,955	2,376	15	1,705,075
-	-	-	-	-	18,828
-	-	573,829	-	-	1,367,826
-	-	-	-	-	8,000
-	370,306	-	-	-	370,306
-	-	-	-	65,301	65,301
-	-	-	-	-	52,811
-	-	-	-	-	3,640
-	370,306	573,829	-	65,301	1,886,712
68	60,250	7,126	2,376	(65,286)	(181,637)
-	33,000	-	-	-	33,000
-	-	-	-	-	289,978
-	-	-	-	-	(40,000)
-	33,000	-	-	-	282,978
68	93,250	7,126	2,376	(65,286)	101,341
36,130	381,260	238,168	187,146	65,286	1,210,255
$ 36,198	$ 474,510	$ 245,294	$ 189,522	$ -	$ 1,311,596

MITCHELL COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE YEAR ENDED DECEMBER 31, 2016

Project Description	Original and Current Estimated Costs	Expenditures		
		Prior Years	Current Year	Total
2006 REFERENDUM				
Road, Street and Bridge Construction or Improvement	$ 3,522,333	$ 6,421,323	$ 30	$ 6,421,353
Ambulance Purchase	120,000	97,135	-	97,135
Courthouse Improvements	125,000	130,526	-	130,526
Fire Department Projects	2,500,000	2,000,137	65,271	2,065,408
Flint River Auditorium Project	100,000	100,001	-	100,001
City of Pelham Projects	1,919,520	2,158,583	-	2,158,583
City of Sale City Projects	120,000	136,400	-	136,400
City of Camilla Projects	2,672,171	3,024,863	-	3,024,863
City of Baconton Projects	383,349	347,087	-	347,087
City of Meigs Projects	11,025	12,533	-	12,533
Totals	$ 11,473,398	$ 14,428,588	$ 65,301	$ 14,493,889
2012 REFERENDUM				
Road, Street and Bridge Construction or Improvement	$ 7,187,766	$ 2,147,757	$ 373,904	$ 2,521,661
Ambulance Purchase	900,000	-	-	-
Narrow-Banding Projects	245,000	172,305	-	172,305
Desota Trail Library Project	47,222	47,222	-	47,222
Hand Trading Company Project	105,000	11,845	9,205	21,050
City of Pelham Projects	2,406,357	1,402,726	327,113	1,729,839
City of Sale City Projects	185,642	61,041	40,500	101,541
City of Camilla Projects	3,300,000	1,372,999	521,550	1,894,549
City of Baconton Projects	467,592	253,573	48,463	302,036
City of Meigs Projects	13,413	-	-	-
Totals	$ 14,857,992	$ 5,469,468	$ 1,320,735	$ 6,790,203

AGENCY FUNDS

Tax Commissioner – This fund is used to account for all real, personal and intangible taxes collected and forwarded to the County and other government units.

Jail Inmate Fund – This fund accounts for jail inmate funds while in custody, and for the purchase of items from the Jail Commissary and related activities on behalf of inmates and the correctional institution.

The following agency funds are used to account for fines, fees and other moneys collected by the courts and Sheriff's Office and remitted to other parties in accordance with court orders and state law:

Clerk of Superior Court
Probate Court
Sheriff's Office
Probation Office
Magistrate Court
Tax Assessor

MITCHELL COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITES
AGENCY FUNDS

DECEMBER 31, 2016

ASSETS	Clerk of Superior Court	Probate Court	Sheriff's Office	Probation Office
Cash and cash equivalents	$ 81,990	$ 1,951	$ 22,441	$ 19,354
Taxes receivable	-	-	-	-
Total assets	$ 81,990	$ 1,951	$ 22,441	$ 19,354
LIABILITIES				
Due to others	$ 81,990	$ 1,951	$ 22,441	$ 19,354
Uncollected taxes	-	-	-	-
Total liabilities	$ 81,990	$ 1,951	$ 22,441	$ 19,354

Jail Inmate	Tax Commissioner	Magistrate Court	Tax Assessor	Total
$ 7,101	$ 46,044	$ 36,957	$ 1,213	$ 217,051
-	1,633,406	-	-	1,633,406
$ 7,101	$ 1,679,450	$ 36,957	$ 1,213	$ 1,850,457
$ 7,101	$ 46,044	$ 36,957	$ 1,213	$ 217,051
-	1,633,406	-	-	1,633,406
$ 7,101	$ 1,679,450	$ 36,957	$ 1,213	$ 1,850,457

COMPLIANCE SECTION

MAULDIN & JENKINS

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*

Board of Commissioners
of Mitchell County, Georgia
Camilla, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Mitchell County, Georgia (the "County") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Mitchell County, Georgia's basic financial statements and have issued our report thereon dated April 26, 2017. Our report includes a reference to other auditors who audited the financial statements of the Mitchell County Board of Health, as described in our report on Mitchell 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 the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as 2016-002 to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as 2016-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mitchell 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*.

Mitchell County, Georgia's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County'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.

Mauldin & Jenkins, LLC

Macon, Georgia
April 26, 2017

MITCHELL COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2016

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified?	__X__ yes ____ no
Significant deficiencies identified?	__X__ yes ____ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

There was not an audit of major federal award programs as of December 31, 2016 due to the total amount expended being less than $750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2016 – 001. Segregation of Duties

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the County Administration, Clerk of Court, Probate Court, Magistrate Court, Law Library, Sheriff's Department, and Probation Department.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties between recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: The lack of segregation of duties is due to the limited number of individuals in each office available to perform all of the required duties.

Recommendation: The County should consider having checks and balances in place, so that if overlapping duties exist, an appropriate level of review is performed.

Views of Responsible Officials and Planned Corrective Action: We concur with the recommendation. Such segregation of duties will be implemented as soon as economically possible.

MITCHELL COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016 - 002. Restatement of Equity

Criteria: Guarantors of loans for a third party are not liable for repayment of the loan unless the third party defaults on that loan.

Condition: During the prior year, Mitchell County, along with other south Georgia counties, guaranteed a loan between the South Georgia Regional Information Technology Authority (Authority) and People South Bank. As a result of this guarantee, the County recorded a $200,000 note receivable in the General Fund and a $200,000 note payable at the government-wide level. However, at December 31, 2015, the Authority was not in default on its loan payments, and therefore, no liability had been incurred by the County and no amounts were due from the Authority to the County.

Context: See Criteria above.

Effect: The General Fund assets and fund balance were overstated by $200,000 at December 31, 2015. At the government-wide level, assets and liabilities were both overstated by $200,000 at December 31, 2015 and therefore net position was not affected.

Cause: A note receivable and a note payable were incorrectly recorded for the guarantee of a loan for which default had not occurred.

Recommendation: We recommend the County only record a note payable for the guarantee of the debt of a third party if the third party defaults on the loan. Additionally, a note receivable should not be recorded in the event of a default unless a formal agreement is signed by both parties and the third party has the ability and intent to repay the County.

Views of Responsible Officials and Planned Corrective Action: We concur. We will not record an asset or a liability associated with the guarantee of a third party loan unless a default occurs..

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

MITCHELL COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2016

2015 – 001. Segregation of Duties

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the County Administration, Clerk of Court, Probate Court, Magistrate Court, Law Library, Sheriff's Department, and Probation Department.

Auditee Response/Status: Unresolved – See current year finding 2016-001.

2015 - 002. Undercollateralization of County Deposits

Criteria: The Official Code of Georgia (OCGA) Section 45-8-12 (c) requires all depositories of public funds to pledge securities of not less than 110% of the deposited public funds.

Condition: For the year ended December 31, 2015, the Development Authority's deposits held at one financial institution were undercollateralized.

Auditee Response/Status: Resolved.