



INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2019

TOWNS COUNTY, GEORGIA
FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the County Commissioner
Towns County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Towns County Health Department, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Other auditors audited those financial statements. They have furnished their report thereon to us and we base our opinion, insofar as it relates to the amounts included for Towns County Health Department, on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11 and budgetary comparison schedule on pages 32-33 and the notes to required supplementary information on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Towns County, Georgia's basic financial statements. The combining and individual fiduciary and non-major fund financial schedules on pages 35-38 and the schedule of projects constructed with special sales tax proceeds on page 39, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fiduciary and non-major fund financial schedules on pages 35-38, and the schedule of projects constructed with special sales tax proceeds on page 39 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 fiduciary and non-major fund financial schedules, and the schedule of projects constructed with special sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2020 on our consideration of Towns County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Towns County, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Towns County, Georgia's internal control over financial reporting and compliance.



Alexander, Almand and Bangs, LLP
Gainesville, Georgia
August 20, 2020



MANAGEMENT'S DISCUSSION & ANALYSIS



48 River Street
Hiawassee, GA 30546
WWW.TownsCountyGA.Org

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Towns County Commissioner provides the management's discussion and analysis as an objective and easily readable analysis of the Government's financial activities for the year ended December 31, 2019. The analysis provides summary financial information for Towns County and should be read in conjunction with the Government's accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities at the close of the fiscal year by \$ 24,535,171 (net position). Of this amount, \$ 5,057,943 represents unrestricted net position, which may be used to meet the government's ongoing obligations.
- The government's total net position increased by \$ 212,484 for the current year, which is around 1% of total net assets. The increase occurred primarily due to additional sales and property tax revenues as well as conservative fiscal management practices. The County began evaluating areas that could be improved during fiscal year 2017, implemented various changes during the 2018 fiscal year and are now seeing the results of some of these changes. These changes, including sales and property tax revenue changes, resulted in total revenue increases of nearly \$ 980,000. The County Commissioner will continue to utilize conservative fiscal policies and making improvements to maintain the financial health of the County while also striving to continuously improve the benefits to the citizens.
- The greatest portion of the County's general fund operating reserves have been invested in Certificates of Deposits (CD's), many of which mature in more than one year. The reserves were placed into CD's because the CD's will generate more interest income due to their higher interest rates. Any remaining reserves, the SPLOST fund, and the non-major funds are held in interest bearing bank accounts when applicable. In addition, the County periodically reevaluates the interest rates available at local banking institutions and will select the institution that provides greater economic benefit. During the current year, the County was able to obtain higher interest rates which provided the County with \$ 83,821 of interest income, which is an 86% increase from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2019

The statement of net position (page 12) presents the County's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time the change in net position is an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition.

The statement of activities (page 13) presents the revenues and expenditures of the County. The difference between these is the change in net position for the year.

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Towns County can be divided into two categories: governmental funds and fiduciary funds (there are no enterprise funds within the County). These statements (pages 14-18) provide financial information for the major funds of Towns County. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures) and current available resources.

Individual fund financial schedules (pages 35-38) provide more detailed information about the Government's activities. Individual funds are established to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants.

GOVERNMENT-WIDE FINANCIAL INFORMATION

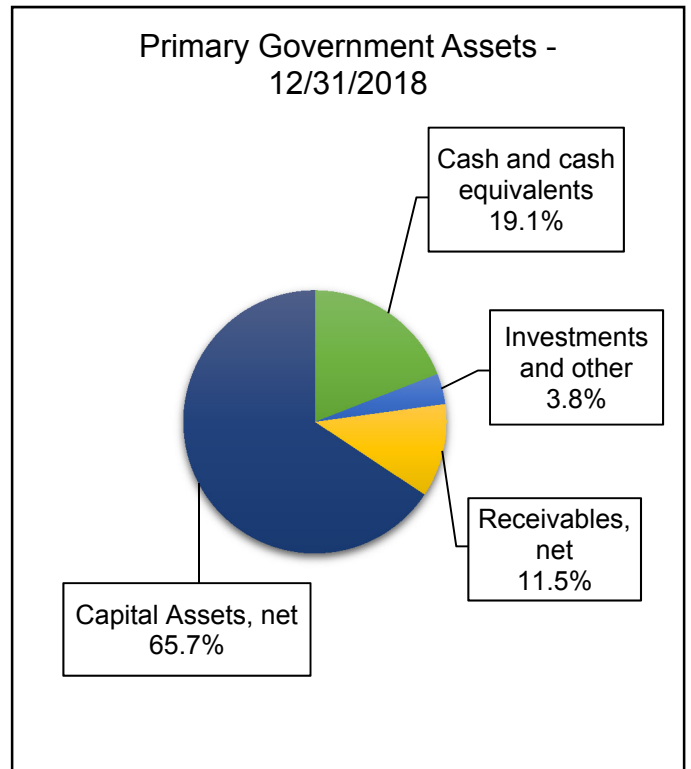
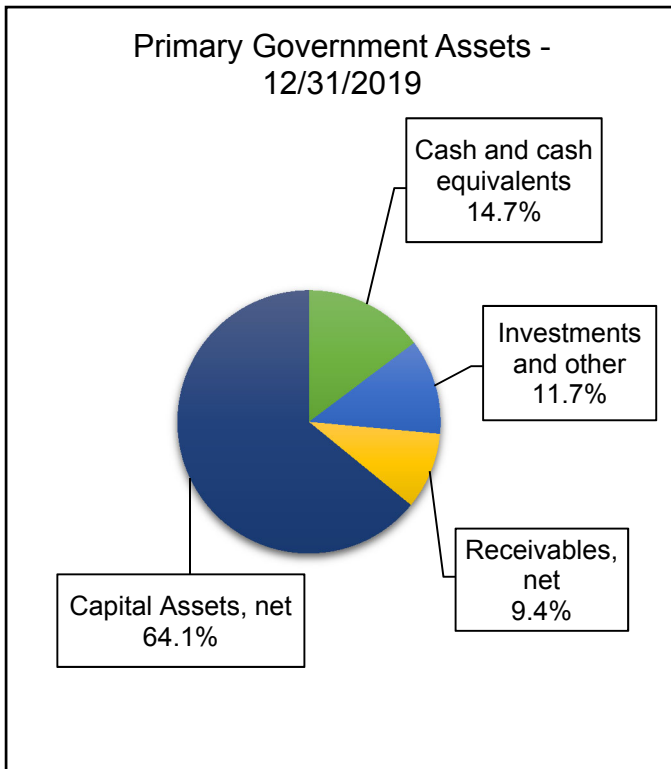
The government-wide financial statements and the fund financial statements provide different pictures of the Government. The government-wide financial statements provide an overall picture of the Government's financial standing as shown in results for Governmental Activities. These statements are comparable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

At December 31, 2019 and 2018 respectively, the County's assets exceeded liabilities by \$ 24,535,171 and \$24,322,687. The largest portion of the County's net position reflects its investment in capital assets. Capital assets are used to provide services to citizens and they are not available for future spending.

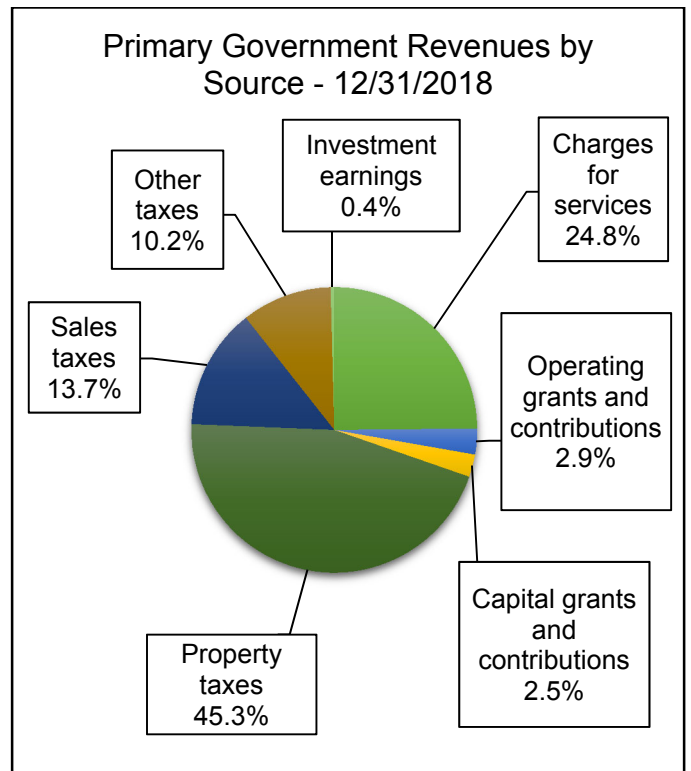
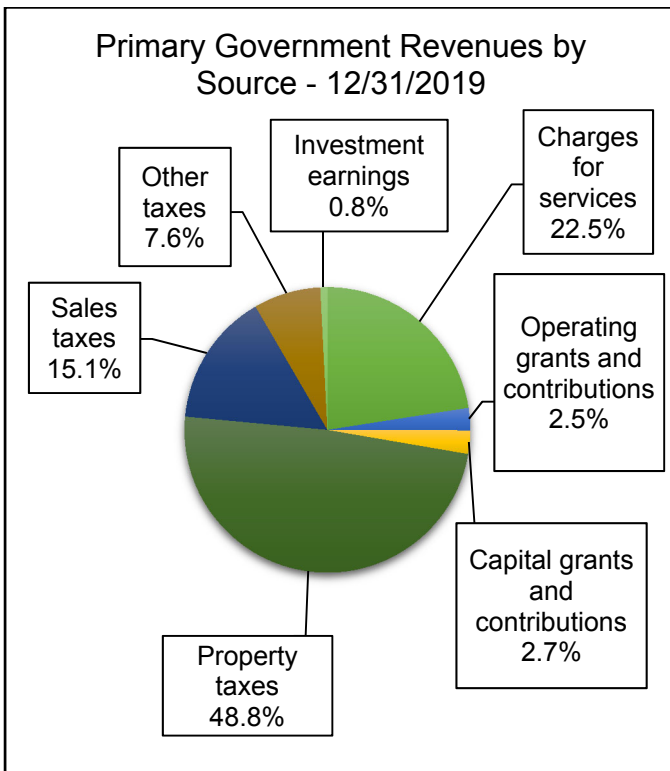
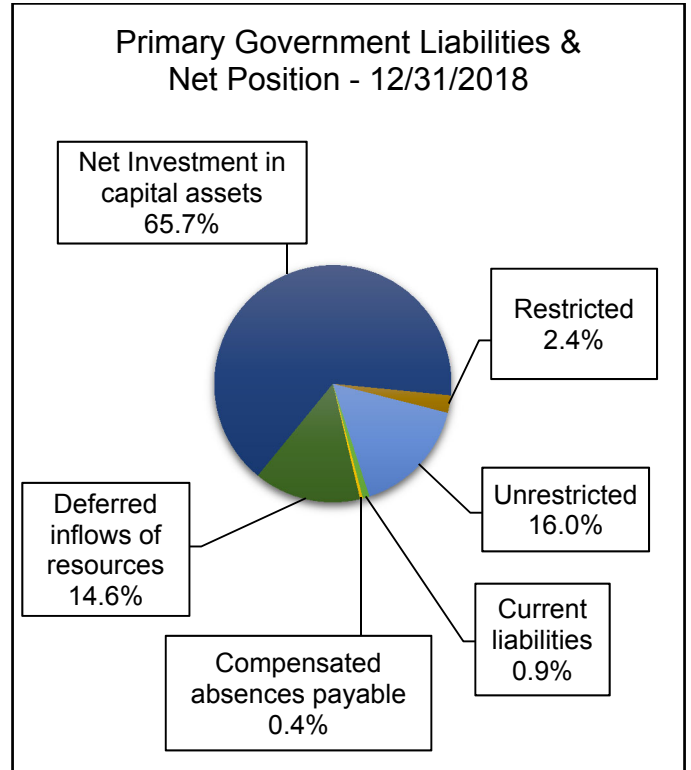
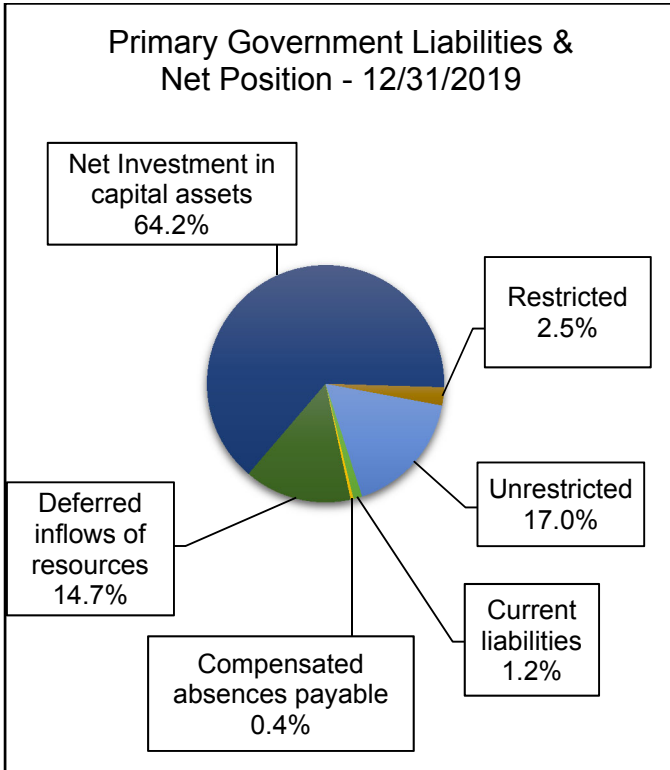
Towns County, Georgia
 Management's Discussion and Analysis
 For the Year Ended December 31, 2019

Net Position as of December 31, 2019 and 2018

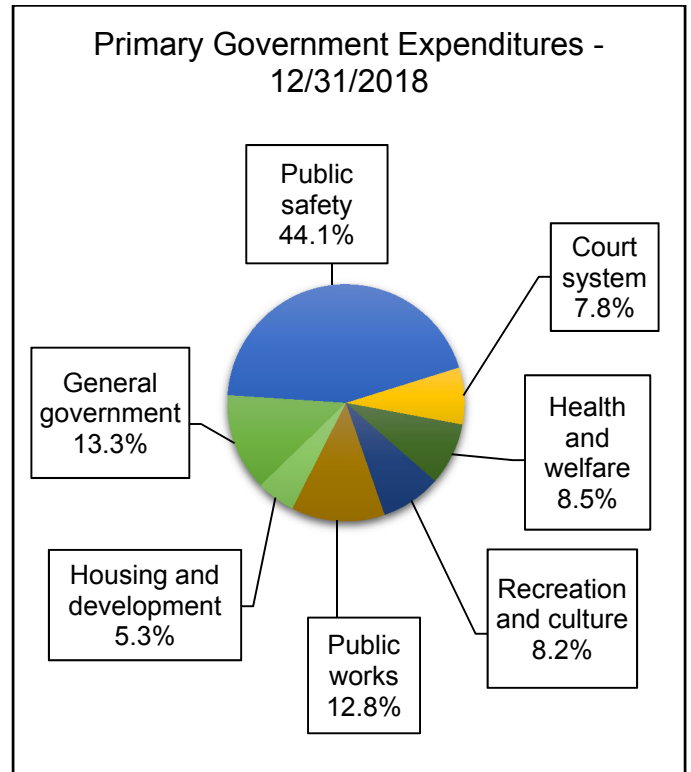
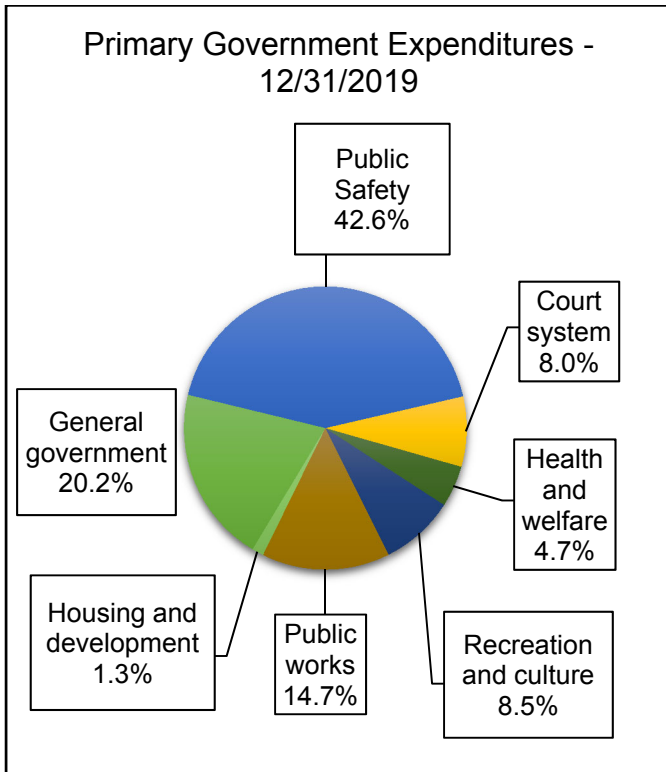
	Governmental Activities	
	2019	2018
Current and other assets	\$ 10,491,611	\$ 9,928,078
Capital assets	18,751,301	18,992,817
Total assets	<u>29,242,912</u>	<u>28,920,895</u>
Deferred outflow of resources	-	-
Current liabilities outstanding	314,781	263,769
Noncurrent liabilities outstanding	114,185	113,505
Total liabilities	<u>428,966</u>	<u>377,274</u>
Deferred inflow of resources	<u>4,278,775</u>	<u>4,220,934</u>
Net position:		
Net investment in capital assets	18,751,301	18,992,817
Restricted	725,927	688,759
Unrestricted	5,057,943	4,641,111
Net position	<u>\$ 24,535,171</u>	<u>\$ 24,322,687</u>



Towns County, Georgia
 Management's Discussion and Analysis
 For the Year Ended December 31, 2019



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Towns County, Georgia
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Changes in Net Position

The County's total revenues before transfers for fiscal year ended December 31, 2019 totaled \$ 11,839,146. Expenditures were \$ 11,626,662 with an overall change in net position of \$ 212,434.

Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 3,211,157	\$ 2,770,843
Operating grants and contributions	334,070	327,112
Capital grants and contributions	292,951	284,476
General revenues:		
Property taxes	5,095,377	5,056,426
Sales tax	1,643,494	1,531,698
Other taxes	1,178,276	1,139,243
Unrestricted investment earnings	83,821	46,184
Miscellaneous	-	(1,341)
Total Revenues	11,839,146	11,154,641
 Expenditures:		
General government	1,394,771	1,484,621
Public safety	5,180,362	4,943,948
Court system	950,443	868,433
Health and welfare	964,309	954,459
Recreation and culture	928,432	922,888
Public works	1,788,936	1,429,693
Housing and development	419,409	594,884
Total Expenditures	11,626,662	11,198,926
 Increase (decrease) in net position	212,484	(44,285)
 Change in net position	212,484	(44,285)
Net position, January 1	24,322,687	24,366,972
Net position, December 31	\$ 24,535,171	\$ 24,322,687

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2019

FUND FINANCIAL INFORMATION

Major Governmental Funds

General Fund

The General Fund is used to account for all governmental financial resources not restricted by local, state or federal laws. As of December 31, 2019, the General Fund had assets of \$ 9,878,303, liabilities of \$ 427,400 and deferred inflow of resources of \$ 4,597,916. The General Fund also increased its fund balance, after transfers to other funds, by \$ 359,031 during the current fiscal year.

The final budget for the General Fund increased by \$ 75,181 from fiscal year 2018 to fiscal year 2019 based on final budgeted appropriations. The increase was budgeted due to additional revenues from sales taxes and other general revenues, which allowed for some needed asset purchases and repairs to County facilities.

SPLOST Fund

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

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

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

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

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

As of December 31, 2019, the SPLOST Fund had assets of \$ 6,873 and no liabilities. The projects are estimated to be 99% complete as of December 31, 2019. During the year, the County began construction of a new fire facility which is estimated to be completed during the fall of 2020. Even though much has been completed for the fire house, the project is still considered to be in progress as of December 31, 2019.

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2019

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

CAPITAL ASSETS ACTIVITY

During fiscal year 2019, the County's investment in capital assets decreased by \$ 241,516 net of depreciation. The County spent \$ 725,865 in capital outlay (which included \$ 39,398 in non-major funds, \$ 134,041 in the SPLOST fund and \$ 552,426 in the general fund), and had adjustments for depreciation of \$ 919,784 and \$ 12,352,620 in accumulated depreciation for its governmental activities. During the year, the County completed the build of an ambulance (partially purchased in the previous fiscal year). The ambulance project was removed from fiscal year 2018 in progress projects (\$ 47,597), and was completed and placed into service during the 2019 fiscal year. The fire station, partially funded by SPLOST, is currently an in progress project, costing \$ 262,504 for the year ending December 31, 2019. All other assets have been placed into service and are currently being utilized by the respective departments. Further detail on capital assets is provided in the notes to the financial statements.

Capital Assets at Year-end

	Governmental Activities	
	2019	2018
Land	\$ 4,540,787	\$ 4,540,787
Construction/projects in progress	262,504	47,597
Land improvements	1,430,792	1,430,792
Buildings	14,975,442	14,919,920
Equipment	6,375,981	5,968,142
Infrastructure	3,518,415	3,518,415
 Total	 <u>\$ 31,103,921</u>	 <u>\$ 30,425,653</u>

The following reconciliation summarizes the change in capital assets:

	Governmental Activities	
	2019	2018
Beginning balance:	\$ 30,425,653	\$ 30,439,639
Additions:		
Land	-	-
Construction/projects in progress	262,504	47,597
Land improvements	-	-
Buildings	55,522	149,287
Equipment	407,839	77,010
Infrastructure	-	301,077
Dispositions/placed in service:		
Land	-	-
Construction/projects in progress	(47,597)	(47,776)
Land improvements	-	-
Buildings	-	-
Equipment	-	(541,181)
Infrastructure	-	-
 Total Capital Assets at Year-end	 <u>\$ 31,103,921</u>	 <u>\$ 30,425,653</u>

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual revenues of \$ 10,460,748 were more than budgeted revenues of \$ 9,647,487. There were \$ 493,608 of surplus reserves budgeted in 2019 for the uncertainty of additional revenues. The use of surplus reserves was unnecessary for the County in 2019.

General Fund expenditures (before transfers) were less than budgeted. The County estimated total appropriations of \$ 9,647,487, and budgeted expenditures (before transfers) of \$ 9,521,545. The County actually spent \$ 9,484,161 or \$ 37,384 less than budgeted before transfers for the year ending December 31, 2019. Net transfers to other funds were \$ 617,556, which is less than budgeted net transfers of \$ 619,550. Actual expenditures being less than budgeted was achieved through continued implementation of conservative fiscal policies adopted by the Commissioner, consistent monitoring of needs by departments and reliable financial reporting provided in a timely manner.

ECONOMIC FACTORS

During the past fiscal year, the County has experienced an increase in tourism as well as a slight increase in population. As the national economy surges, opportunities for people to earn more income and have the ability to either retire or have a retreat in the mountains of North Georgia also increases. The County is a recreational center with an abundance of outdoor activities, cultural experiences and an escape for peace and relaxation. The population has grown by approximately 15% since 2010 (estimated, U.S. Census Bureau). Residents of the County have an average household income of \$ 44,000, with a labor force consisting of roughly 46% of the population. The health care and accommodations/food service industries contribute to the most significant revenues received by both businesses and residents of the County. The average age of residents is 53 years old.

Based on the economic statistics of the County, it is also expected that conditions and factors will correlate to the State of Georgia's economic success as well. While the State and County is flourishing through good economic conditions, the County intends to maintain conservative fiscal positions and plan strategically in the event economic conditions begin to decline. However, even with conservative policies, the County does not intend to allow certain improvements or amenities for the public to be ignored or neglected. The County has been and will continue to work diligently toward providing its residents with facilities and services to the best of its abilities.

To monitor the fiscal policies adopted, department budgets are reviewed on a monthly basis by the County Commissioner, Finance Director and Department Director, to evaluate spending practices and ensure that expenditures are within the overall adopted budget. The County Commissioner holds department head meetings to discuss any overspending, when necessary, and highly encourages department directors to be prudent in order to maintain their department in line with the budget.

REQUESTS FOR INFORMATION

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

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



BASIC FINANCIAL STATEMENTS

TOWNS COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2019

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>	<u>June 30, 2019 COMPONENT UNIT HEALTH DEPARTMENT</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,306,124	\$ 324,376
Investments	3,301,870	-
Receivables, net of allowance for uncollectable	2,758,094	30,165
Prepaid items	<u>125,523</u>	<u>-</u>
Total Current Assets	<u>10,491,611</u>	<u>354,541</u>
Capital Assets		
Capital assets not being depreciated:		
Land	4,540,787	-
Construction in progress	262,504	-
Capital assets being depreciated:		
Land improvements, depreciable	1,430,792	-
Buildings and improvements	14,975,442	-
Furniture and equipment	1,799,640	-
Vehicles and heavy equipment	4,576,341	-
Infrastructure	3,518,415	-
Accumulated depreciation	<u>(12,352,620)</u>	<u>-</u>
Capital Assets, net of depreciation	<u>18,751,301</u>	<u>-</u>
TOTAL ASSETS	29,242,912	354,541
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>103,867</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 29,242,912</u></u>	<u><u>\$ 458,408</u></u>

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

TOWNS COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2019

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>	<u>June 30, 2019 COMPONENT UNIT HEALTH DEPARTMENT</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 77,651	\$ 8,811
Accrued liabilities	237,130	-
Compensated absences	-	21,509
Total Current Liabilities	<u>314,781</u>	<u>30,320</u>
Noncurrent Liabilities		
Due within one year		
Compensated absences payable	114,185	-
Net pension liability	-	285,676
Net OPEB liability	-	128,389
Total Noncurrent Liabilities	<u>114,185</u>	<u>414,065</u>
TOTAL LIABILITIES	<u>428,966</u>	<u>444,385</u>
DEFERRED INFLOWS OF RESOURCES	<u>4,278,775</u>	<u>176,056</u>
NET POSITION		
Net investment in capital assets	18,751,301	-
Restricted for:		
Capital projects	6,935	-
Special revenues	718,992	-
Unrestricted	<u>5,057,943</u>	<u>(162,033)</u>
TOTAL NET POSITION	<u>24,535,171</u>	<u>(162,033)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 29,242,912</u>	<u>\$ 458,408</u>

TOWNS COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

		Program Revenues			Net (Expenditure) Revenue and Changes in Net Position	June 30, 2019
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Township County Health Dept.
PRIMARY GOVERNMENT						
Governmental Activities						
General government	\$ 1,394,771	\$ 451,757	\$ -	\$ -	\$ (943,014)	
Public safety	5,180,362	953,323	226,219	-	(4,000,820)	
Court system	950,443	648,764	-	-	(301,679)	
Health and welfare	964,309	266,506	64,230	-	(633,573)	
Recreation and culture	928,432	227,796	-	-	(700,636)	
Public works	1,788,936	552,884	43,621	288,901	(903,530)	
Housing and development	419,409	68,569	-	-	(350,840)	
Interest and fees	-	41,558	-	4,050	45,608	
Total Primary Government	\$ 11,626,662	3,211,157	\$ 334,070	\$ 292,951	\$ (7,788,484)	
Component Units:						
Township Co. Health Department	\$ 351,350	\$ 106,351	\$ 422,051	\$ -		\$ 177,052
Total Component Units	\$ 351,350	\$ 106,351	\$ 422,051	\$ -		\$ 177,052
GENERAL REVENUES:						
Taxes						
Property taxes				\$ 5,095,377		\$ -
Sales taxes				1,643,494		-
Other taxes				1,178,276		-
Investment earnings				83,821		-
Total General Revenues				8,000,968		-
CHANGE IN NET POSITION				212,484		177,052
NET POSITION, BEGINNING (ORIGINAL)				24,322,687		(363,411)
SPECIAL ITEM: PRIOR PERIOD ADJUSTMENT				-		24,326
NET POSITION, BEGINNING (RESTATED)				24,322,687		(339,085)
NET POSITION, ENDING				\$ 24,535,171		\$ (162,033)

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

TOWNS COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

	General	SPLOST and Bond Construction	Other Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,733,398	\$ 6,872	\$ 565,854	\$ 4,306,124
Investments	3,301,870	-	-	3,301,870
Receivables, net of allowances	2,702,554	63	55,477	2,758,094
Due from other funds	16,458	-	119,559	136,017
Prepaid items	124,023	-	1,500	125,523
TOTAL ASSETS	\$ 9,878,303	\$ 6,935	\$ 742,390	\$ 10,627,628
LIABILITIES				
Accounts payable	\$ 77,651	\$ -	\$ -	\$ 77,651
Accrued liabilities	230,190	-	6,940	237,130
Due to other funds	119,559	-	16,458	136,017
Total liabilities	427,400	-	23,398	450,798
DEFERRED INFLOW OF RESOURCES	4,597,916	-	-	4,597,916
FUND BALANCE				
Non-spendable:				
Prepaid items	124,023	-	-	124,023
Restricted:				
Capital project funds	-	6,935	-	6,935
Special revenue funds	-	-	718,992	718,992
Unassigned:	4,728,964	-	-	4,728,964
Total fund balances	4,852,987	6,935	718,992	5,578,914
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE	\$ 9,878,303	\$ 6,935	\$ 742,390	\$ 10,627,628

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

TOWNS COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2019

TOTAL OF GOVERNMENTAL FUNDS \$ 5,578,914

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

Capital assets used in the governmental activities are not financial resources and therefore are not reported in the governmental funds. 18,751,301

Certain revenues reported on the statement of activities are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. 319,141

Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Compensated absences payable (114,185)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 24,535,171

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

TOWNS COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General	SPLOST and Bond Construction	Other Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 7,649,112	\$ 2,710	\$ 361,590	\$ 8,013,412
Licenses and permits	68,569	-	-	68,569
Fines and forfeitures	296,452	-	51,281	347,733
Charges for services	1,705,623	-	546,128	2,251,751
Interest income	82,794	297	4,780	87,871
Intergovernmental	286,265	-	353,131	639,396
Contributions and donations	25,946	-	-	25,946
Other	345,987	-	-	345,987
TOTAL REVENUES	<u>10,460,748</u>	<u>3,007</u>	<u>1,316,910</u>	<u>11,780,665</u>
EXPENDITURES				
Current Operating				
General government	1,367,997	-	-	1,367,997
Public safety	4,618,395	-	618,713	5,237,108
Court system	841,155	-	108,958	950,113
Public works	1,433,497	-	258,800	1,692,297
Health and welfare	417,580	-	478,009	895,589
Recreation and culture	665,674	-	-	665,674
Housing and development	139,863	-	279,196	419,059
Capital Outlay	-	134,041	22,588	156,629
Intergovernmental	-	-	-	-
TOTAL EXPENDITURES	<u>9,484,161</u>	<u>134,041</u>	<u>1,766,264</u>	<u>11,384,466</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>976,587</u>	<u>(131,034)</u>	<u>(449,354)</u>	<u>396,199</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(617,556)</u>	<u>-</u>	<u>617,556</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>(617,556)</u>	<u>-</u>	<u>617,556</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	359,031	(131,034)	168,202	396,199
FUND BALANCE, BEGINNING	<u>4,493,956</u>	<u>137,969</u>	<u>550,790</u>	<u>5,182,715</u>
FUND BALANCE, ENDING	<u>\$ 4,852,987</u>	<u>\$ 6,935</u>	<u>\$ 718,992</u>	<u>\$ 5,578,914</u>

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

TOWNS COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 396,199

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

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

Capital outlay	678,268	
Depreciation expense	<u>(919,784)</u>	(241,516)

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

Property Taxes	164,395	
Fines	<u>154,746</u>	319,141

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

Property Taxes	(146,974)	
Fines	<u>(113,686)</u>	(260,660)

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

Current year liability - compensated absences	(114,185)	
Prior year liability - compensated absences	<u>113,505</u>	<u>(680)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 212,484

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

TOWNS COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2019

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 612,493
TOTAL ASSETS	\$ 612,493
Deferred outflow of resources	-
LIABILITIES	
Funds held in trust	\$ 612,493
TOTAL LIABILITIES	\$ 612,493
Deferred inflow of resources	-

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Towns County, Georgia (the “County”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

Towns County, Georgia is a political subdivision of the State of Georgia governed by an elected commissioner. As required by generally accepted accounting principles, these financial statements present the County and its component units, entities for which the county is considered to be financially accountable. The County has one discretely presented component unit, the Towns County Health Department. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

Discretely Presented Component Unit

The Towns County Health Department issues separate financial statements which have a June 30 year-end as required by state statutes. The Health Department is charged with determining the health needs and resources of its jurisdiction, developing programs, activities, and facilities responsive to those needs, and enforcing all laws related to health matters unless they fall under the jurisdiction of other agencies. The Health Department is governed by the Towns County Board of Health which consists of seven members, most of which are appointed by the County’s administration. The Health Department is dependent upon the County because the County approves the Health Department’s budget, and the County has the ability to impose its will upon the Health Department. During 2019, the County supplemented the Health Department’s budget in the amount of \$ 138,000. The Health Department is presented as a governmental fund type.

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

Towns County Health Department
41 River Street
Hiawassee, Georgia 30546

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statements of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statements of activities demonstrates the degree to which the direct expenditures of a given function or segment is offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes as available if they are collected by the end of the current fiscal period. Revenues susceptible to accrual are considered as available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental grant revenues, entitlements, and contributions are recognized in the year in which all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, franchise taxes, fines, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The *SPLOST and Bond Construction Fund* is the government's Special Purpose Local Option Sales Tax capital projects fund that accounts for the receipts and disbursements of (1%) sales tax currently collected from 2011 through 2017. The primary revenue sources are sales taxes and primary expenditures for the County are specified capital projects including parks and recreation improvements and acquisitions, road and bridge improvements, water and sewer improvements, fire department vehicles, fire hydrants and equipment, construction and improvements to the public library, ambulance and other public safety vehicles and equipment, industrial and economic development, improvements and acquisitions. While collections from the referendum were completed through 2017, residual revenues continued to be received from the Georgia Department of Revenue during the 2019 fiscal year.

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

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the government reports *agency funds*. Agency funds are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This type fund is used to account for assets that the government holds for others in an agency capacity. Due to its characteristics, agency funds are categorized overall as *Fiduciary funds*: funds that account for assets held by the government in a trustee capacity or as an agent on behalf of others.

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

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

Assets, Liabilities, and Net Position or Equity

Deposits and Investments

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

State statutes authorize the government to invest in obligations of the U.S. Treasury and its agencies and instrumentalities; bonds or certificates of indebtedness of this state and its agencies and instrumentalists; certificates of deposits of banks insured by FDIC. Investments are recorded at fair value based on quoted market prices as of the balance sheet date. Increases or decreases in fair value during the year are recognized as part of investment income.

Receivables and Payables

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

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

Inventory and Prepaid Items

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

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, culverts, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial cost of \$ 5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Roads, bridges and culverts acquired prior to December 31, 2003, have not been reported.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized and therefore are expensed in the period incurred.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	40 years
Building Improvements	10 - 25 years
Machinery and Equipment	5 - 10 years
Vehicles	5 years
Infrastructure	10 - 50 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure). The County does not have any items in the current year that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category under a modified accrual basis of accounting and they are reported in the governmental funds balance sheet as unavailable revenues (property taxes) and special assessments (fines). The governmental funds report unavailable revenues from property taxes and fines, which are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The County also reports deferred property tax revenues which are levied in October for the next fiscal year and thus will be recognized as revenue in the period for which they were levied. These deferred revenues are reported in both the governmental funds balance sheet and statement of net position.

Compensated Absences

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

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

Management Estimates

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

Fund Equity

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

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

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

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's policy for custodial credit risk is to obtain collateral from financial institutions in accordance with state law. The government's bank balances were fully insured or collateralized as of December 31, 2019.

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

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

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

The County utilizes the pooled method to secure its deposits.

Investments

State statutes authorize the County to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposits of banks insured by the FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions. The County does not have an individualized investment policy that would limit investment choices beyond statutes.

As of December 31, 2019, the County maintained funds in Certificates of Deposit (CD's) of banks insured by the FDIC and that participate in the State of Georgia's Secure Deposit Program. Investment CD's are presented on both the government-wide statement of net position and government funds balance sheet in the amount of \$ 3,301,870. The CD's are nonnegotiable time deposits that mature within 1 to 2 years automatically and earn interest at a rate of 2.0% - 2.25% annually. The Certificates of Deposits are nonparticipating interest-earning investment contracts and, accordingly, are recorded at cost.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3 – RECEIVABLES

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

	General Fund	SPLOST and Bond Construction	Non-Major Governmental Funds	Component Unit TC Health Department
Receivables:				
Property taxes	\$ 1,988,886	\$ -	\$ -	\$ -
Other taxes	260,939	63	-	-
Ambulance	245,197	-	-	-
Fines	903,024	-	-	-
Other accounts	98,548	-	55,477	30,165
Intergovernmental	4,348	-	-	-
Total Gross Receivables	<u>3,500,942</u>	<u>63</u>	<u>55,477</u>	<u>30,165</u>
Allowances for uncollectible	(798,388)	-	-	-
Total Net Receivables	<u>\$ 2,702,554</u>	<u>\$ 63</u>	<u>\$ 55,477</u>	<u>\$ 30,165</u>

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

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

	Unavailable	Unearned	Total
General Fund:			
Property tax	\$ 164,395	\$ 4,278,775	\$ 4,443,170
Probation fines	154,746	-	154,746
Total	<u>\$ 319,141</u>	<u>\$ 4,278,775</u>	<u>\$ 4,597,916</u>

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Not being depreciated:				
Land	\$ 4,540,787	\$ -	\$ -	\$ 4,540,787
Construction in progress	47,597	262,504	47,597	262,504
	<u>4,588,384</u>	<u>262,504</u>	<u>47,597</u>	<u>4,803,291</u>
Other Capital Assets:				
Land improvements	1,430,792	-	-	1,430,792
Buildings	14,919,920	55,522	-	14,975,442
Equipment, general	1,799,639	33,844	-	1,833,483
Equipment, vehicles and heavy	4,168,503	373,995	-	4,542,498
Infrastructure	3,518,415	-	-	3,518,415
	<u>25,837,269</u>	<u>463,361</u>	<u>-</u>	<u>26,300,630</u>
Accumulated Depreciation				
Land improvements	386,013	84,032	-	470,045
Buildings	4,855,612	421,603	-	5,277,215
Equipment	5,377,281	242,125	-	5,619,406
Infrastructure	813,930	172,024	-	985,954
	<u>11,432,836</u>	<u>919,784</u>	<u>-</u>	<u>12,352,620</u>
Net Capital Assets	<u>\$ 18,992,817</u>	<u>\$ (193,919)</u>	<u>\$ 47,597</u>	<u>\$ 18,751,301</u>

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

Governmental Activities

General government	\$ 24,697
Public Safety	314,542
Public works	195,962
Health and welfare	66,348
Culture/recreation	318,235
Total	<u>\$ 919,784</u>

NOTE 5 – OBLIGATIONS

Compensated Absences

Compensated absences are liquidated in the general fund for the governmental activities; see Note 1 for a further explanation of compensated absences. The County has reported 100% of the compensated absences liability non-current but due within one year, as the County projects that a majority of employees will use compensated absences earned within one year. Although the full balance is expected to be used within one year, the time earned will continue to replenish throughout the year and therefore the total balance of compensated absences will remain noncurrent.

Government-wide Activities

Description	Amount				
	Beginning Balance	Additions	Subtractions	Ending Balance	Due Within One Year
Compensated absences	\$ 113,505	\$ 201,730	\$ 201,050	\$ 114,185	\$ 114,185

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

The composition of interfund balance at December 31, 2019, is as follows:

<u>Primary Government</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 16,458	\$ 119,559
Special Revenue Funds		
Hotel-Motel Fund	-	12,232
E-911	-	4,226
LMIG Capital Projects	118,173	-
Victims Assistance	1,386	-
Totals	<u>\$ 136,017</u>	<u>\$ 136,017</u>

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

Interfund transfers as of the year ended December 31, 2019, are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Totals</u>
General Fund	\$ 52,061	\$ 669,617	\$ (617,556)
LMIG Fund	80,394	-	80,394
Emergency 911	444,223	-	444,223
Child Development Center	145,000	-	145,000
Hotel / Motel Tax Fund	-	52,061	(52,061)
Totals	<u>\$ 721,678</u>	<u>\$ 721,678</u>	<u>\$ -</u>

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

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

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 – RETIREMENT PLANS

Defined Contribution Plan

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

The County contributes .05% of salary as a base contribution. Beyond the base contribution, the County will match the employee's elected percentage of contribution, up to 4% (in whole percentages) of that employee's compensation. Employees of the County may elect to contribute any percentage of their annual compensation. The contribution for the year ending December 31, 2019 was \$ 109,512.

Other Plans

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

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

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

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

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

NOTE 8 – RELATED PARTY TRANSACTIONS

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 8 – RELATED PARTY TRANSACTIONS (CONTINUED)

Georgia Mountain Regional Commission

Under Georgia law, Towns County, in conjunction with other cities and counties in the area are members of the Georgia Mountain Regional Commission (GMRC) and is required to pay annual dues. The County paid annual dues in the amount of \$ 9,429 to the GMRC for the year ended December 31, 2019. *The Official Code of Georgia Annotated (O.C.G.A.) Section 50-8-34* (Georgia Planning Act of 1989) provides for the organizational structure of the GMRC.

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

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

NOTE 9 – LANDFILL CLOSURE AND POSTCLOSURE CARE COST

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

The landfill closed December 31, 2006 and received a closure certificate on August 5, 2008. The County incurred landfill monitoring costs of \$ 16,764 in the current year (2019).

NOTE 10 – RISK MANAGEMENT AND CONTINGENCIES

The County receives financial assistance from some federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions that are specified in the grant agreements. Expended funds from grants received are subject to audit by the grantor. Any disallowed claims resulting from such audits could become a liability of the County or individual receiving fund department/agency of the County. As of December 31, 2019, the County is not aware of any material noncompliance with grants received and expended.

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Exposure subjects the County to legal proceedings at any point in time, which normally occur in governmental operations. As of December 31, 2019, no significant proceedings or awards have been made against the County. In addition, as of December 31, 2019 the County is not aware of any pending or threatened litigation.

To mitigate liability and risks of loss to which the County is exposed, the County participates in the Association County Commissioners of Georgia (ACCG), Group Self Insurance Worker's Compensation Fund (GSIWCF), a self-insured pool cooperative arrangement among its members to finance worker's compensation coverage. The fund is owned by its members and is managed by a seven member Board of Trustees who are representatives from participating counties. The ACCG-GSIWCF operates under the authority of *OCGA 34-9-150 et seq.* and the Georgia Insurance Commissioner's Office.

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 10 – RISK MANAGEMENT AND CONTINGENCIES (CONTINUED)

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

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

The members of ACCG-GSIWCF and ACCG-IRMA are subject to an additional liability assessment if the losses that ACCG incur and must pay exceed the assets of the pool. As of December 31, 2019, there was no additional liability assessment from the ACCG-GSIWCF or the ACCG-IRMA. Therefore, no liability for this has been included in these financial statements.

Other

The County also purchases combined automobile, crime, liability and property insurance coverage from the ACCG-IRMA. A \$ 5,000 deductible applies to each claim. The following is a summary of coverage at December 31, 2019:

Property Losses	\$ 3,000,000	Aggregate
Comprehensive General and Law Enforcement Liability	3,000,000	Per Occurrence
Automobile Liability	3,000,000	Per Occurrence
Errors and Omissions	3,000,000	Per Occurrence
	5,000,000	Aggregate
Crime Coverage	100,000	Per Occurrence

The County has no outstanding claims in excess of coverage for which a liability should be recorded as of December 31, 2019. Settled claims in the past four years have not exceeded the coverage.

NOTE 11 – SIGNIFICANT ESTIMATES

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

NOTE 12 – HOTEL/MOTEL TAX

During the year ended December 31, 2019, the County collected of \$ 361,590 of which \$ 267,226 was required to be spent to promote tourism, conventions and trade shows. The County actually spent \$ 279,196. This was 104% of the tax receipts required to be expended for these purposes under O.C.G.A. § 48-13-51. The County complied with the requirements of this law.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 20, 2020, the date the financial statements were available to be issued, and one event was noted.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. on March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 14, 2020, Governor Brian Kemp ordered the closure of the physical location of every “non-essential” business for what may be an extended period of time. There have been no immediate impacts to our operations. Future potential impacts may include continued disruptions or restrictions on our employees’ ability to work. The future effects of these issues are unknown.



REQUIRED SUPPLEMENTARY INFORMATION

TOWNS COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 7,082,357	\$ 7,082,357	\$ 7,649,112	\$ 566,755
Licenses and permits	77,500	77,500	68,569	(8,931)
Fines and forfeitures	250,200	250,200	296,452	46,252
Charges for services	1,576,200	1,576,200	1,705,623	129,423
Interest income	50,000	50,000	82,794	32,794
Intergovernmental	353,180	353,180	286,265	(66,915)
Contributions and donations	-	1,000	25,946	24,946
Other	257,050	257,050	345,987	88,937
TOTAL REVENUES	9,646,487	9,647,487	10,460,748	813,261
EXPENDITURES				
General Government				
General and administrative	722,900	683,546	677,599	5,947
Commissioner	135,100	120,000	119,111	889
Tax commissioner	255,150	252,150	250,810	1,340
Tax assessor	253,150	245,650	245,515	135
Election	81,650	76,650	74,962	1,688
Total General Government	1,447,950	1,377,996	1,367,997	9,999
Public Safety				
Regional expenditures	230,700	205,000	201,665	3,335
Sheriff	1,360,995	1,413,350	1,413,646	(296)
Jail operation	1,067,950	1,096,950	1,096,305	645
Fire department	491,150	455,015	454,438	577
Ambulance service	1,314,095	1,358,595	1,358,415	180
E.M.A. director	71,150	58,550	58,488	62
E-911 Mapping	51,850	36,350	35,438	912
Total Public Safety	4,587,890	4,623,810	4,618,395	5,415
Court System				
Probate/Magistrate court	251,800	231,800	230,922	878
Clerk of court	228,150	202,650	202,274	376
Court - other	285,500	259,900	257,636	2,264
District attorney	156,300	150,800	150,323	477
Total Court System	921,750	845,150	841,155	3,995

TOWNS COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE (CONTINUED)
 GENERAL FUND
 For the Year Ended December 31, 2019

(CONTINUED)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works				
Road department	753,900	743,200	739,414	3,786
Transfer Station/Landfill	604,775	682,475	682,473	2
Recycling	9,075	12,075	11,610	465
Total Public Works	<u>1,367,750</u>	<u>1,437,750</u>	<u>1,433,497</u>	<u>4,253</u>
Health and Welfare				
Regional expenditures	453,700	304,400	304,400	-
Extension service	22,000	18,000	17,048	952
Transportation service	97,960	96,460	96,132	328
Total Health and Welfare	<u>573,660</u>	<u>418,860</u>	<u>417,580</u>	<u>1,280</u>
Recreation and Culture				
Regional expenditures	283,000	313,135	312,439	696
Recreation department	319,450	260,949	261,208	(259)
Chatuge campground	92,995	92,995	92,027	968
Total Recreation and Culture	<u>695,445</u>	<u>667,079</u>	<u>665,674</u>	<u>1,405</u>
Housing and Development				
Regional expenditures	54,000	54,000	43,891	10,109
Building inspection	68,950	71,950	71,234	716
Planning and zoning	27,950	24,950	24,738	212
Total Housing and Development	<u>150,900</u>	<u>150,900</u>	<u>139,863</u>	<u>11,037</u>
TOTAL EXPENDITURES	<u>9,745,345</u>	<u>9,521,545</u>	<u>9,484,161</u>	<u>37,384</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(98,858)	125,942	976,587	
OTHER FINANCING SOURCES (USES)				
Transfers in / (out)	(375,750)	(619,550)	(617,556)	
Contingencies / Surplus reserves	474,608	493,608	-	
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>359,031</u>	
			<u>4,493,956</u>	
			<u>\$ 4,852,987</u>	

TOWNS COUNTY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019

NOTE 1 – BUDGETARY BASIS

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

During the current year there were two departments who marginally exceeded budgeted expenditures: the Sheriff's Department (\$ 296) and the Recreation Department (\$ 259). Because the amount of expenditures that have exceeded budget is marginal, there is no additional corrective action requirements for the departments.



OTHER SUPPLEMENTARY INFORMATION

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 December 31, 2019

	<u>Tax Commissioner</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Total</u>
ASSETS						
Cash	<u>\$ 23,789</u>	<u>\$ 450,539</u>	<u>\$ 27,211</u>	<u>\$ 7,130</u>	<u>\$ 103,824</u>	<u>\$ 612,493</u>
TOTAL ASSETS	<u><u>\$ 23,789</u></u>	<u><u>\$ 450,539</u></u>	<u><u>\$ 27,211</u></u>	<u><u>\$ 7,130</u></u>	<u><u>\$ 103,824</u></u>	<u><u>\$ 612,493</u></u>
LIABILITIES						
Funds held in trust	<u>\$ 23,789</u>	<u>\$ 450,539</u>	<u>\$ 27,211</u>	<u>\$ 7,130</u>	<u>\$ 103,824</u>	<u>\$ 612,493</u>
TOTAL LIABILITIES	<u><u>\$ 23,789</u></u>	<u><u>\$ 450,539</u></u>	<u><u>\$ 27,211</u></u>	<u><u>\$ 7,130</u></u>	<u><u>\$ 103,824</u></u>	<u><u>\$ 612,493</u></u>

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
 FIDUCIARY FUNDS
 For the Year Ended December 31, 2019

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	<u>\$ 261,267</u>	<u>\$ 16,618,744</u>	<u>\$ 16,267,518</u>	<u>\$ 612,493</u>
TOTAL ASSETS	<u><u>\$ 261,267</u></u>	<u><u>\$ 16,618,744</u></u>	<u><u>\$ 16,267,518</u></u>	<u><u>\$ 612,493</u></u>
LIABILITIES				
Funds held in trust	<u>\$ 261,267</u>	<u>\$ 16,618,744</u>	<u>\$ 16,267,518</u>	<u>\$ 612,493</u>
TOTAL LIABILITIES	<u><u>\$ 261,267</u></u>	<u><u>\$ 16,618,744</u></u>	<u><u>\$ 16,267,518</u></u>	<u><u>\$ 612,493</u></u>

TOWNS COUNTY, GEORGIA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 December 31, 2019

	Child Development Center	Emergency 911	Law Library	Drug Fund	LMIG	Victim's Assistance Fund	Jail Fund	Hotel / Motel Tax Fund	Total
ASSETS									
Cash and cash equivalents	\$ 3,632	\$ 260,094	\$ 27,790	\$ 31,722	\$ 129,103	\$ -	\$ 6,091	\$ 107,422	\$ 565,854
Receivables, net	8,182	41,876	-	-	-	-	-	-	50,058
Intergovernmental receivable	5,419	-	-	-	-	-	-	-	5,419
Due from other funds	-	-	-	-	118,175	1,384	-	-	119,559
Prepaid Insurance	1,500	-	-	-	-	-	-	-	1,500
TOTAL ASSETS	\$ 18,733	\$ 301,970	\$ 27,790	\$ 31,722	\$ 247,278	\$ 1,384	\$ 6,091	\$ 107,422	\$ 742,390
Deferred outflow of resources	-	-	-	-	-	-	-	-	-
LIABILITIES									
Accrued liabilities	\$ 6,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,940
Due to other funds	10,592	4,226	-	-	-	-	-	1,640	16,458
Total liabilities	17,532	4,226	-	-	-	-	-	1,640	23,398
Deferred inflow of resources	-	-	-	-	-	-	-	-	-
FUND BALANCE									
Restricted:									
Special revenue funds	1,201	297,744	27,790	31,722	247,278	1,384	6,091	105,782	718,992
Total fund balances	1,201	297,744	27,790	31,722	247,278	1,384	6,091	105,782	718,992
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,733	\$ 301,970	\$ 27,790	\$ 31,722	\$ 247,278	\$ 1,384	\$ 6,091	\$ 107,422	\$ 742,390

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2019

	Child Development Center	Emergency 911	Law Library	Drug Fund	LMIG	Victim's Assistance Fund	Jail Fund	Hotel / Motel Tax Fund	Total
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 361,590	\$ 361,590
Fines and forfeitures	-	-	6,357	21,033	-	10,720	13,171	-	51,281
Charges for services	266,506	279,622	-	-	-	-	-	-	546,128
Interest income	16	685	-	134	3,753	1	11	180	4,780
Intergovernmental	64,230	-	-	-	288,901	-	-	-	353,131
TOTAL REVENUES	\$ 330,752	\$ 280,307	\$ 6,357	\$ 21,167	\$ 292,654	\$ 10,721	\$ 13,182	\$ 361,770	\$ 1,316,910
EXPENDITURES									
Current Operating									
Public safety	\$ -	\$ 618,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 618,713
Court system	-	-	6,474	73,386	-	10,722	18,376	-	108,958
Public works	-	-	-	-	258,800	-	-	-	258,800
Health and welfare	478,009	-	-	-	-	-	-	-	478,009
Housing and development	-	-	-	-	-	-	-	279,196	279,196
Capital Outlay	-	22,588	-	-	-	-	-	-	22,588
TOTAL EXPENDITURES	478,009	641,301	6,474	73,386	258,800	10,722	18,376	279,196	1,766,264
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(147,257)	(360,994)	(117)	(52,219)	33,854	(1)	(5,194)	82,574	(449,354)
OTHER FINANCING SOURCES (USES)									
Transfers in (out)	145,000	444,223	-	-	80,394	-	-	(52,061)	617,556
TOTAL OTHER FINANCING SOURCES	145,000	444,223	-	-	80,394	-	-	(52,061)	617,556
NET CHANGE IN FUND BALANCES	(2,257)	83,229	(117)	(52,219)	114,248	(1)	(5,194)	30,513	168,202
FUND BALANCE, BEGINNING	3,458	214,515	27,907	83,941	133,030	1,385	11,285	75,269	550,790
FUND BALANCE, ENDING	\$ 1,201	\$ 297,744	\$ 27,790	\$ 31,722	\$ 247,278	\$ 1,384	\$ 6,091	\$ 105,782	\$ 718,992

TOWNS COUNTY, GEORGIA
SPECIAL LOCAL OPTIONS SALES TAX 2011 SERIES
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
BUDGET AND ACTUAL - PROJECT TO DATE
From Inception Through December 31, 2019

<u>PROJECT</u>	<u>Original Project Budget</u>	<u>Revised Project Budget</u>	<u>Prior Year Project to Date</u>	<u>Current Year</u>	<u>Total</u>	<u>Percent Complete</u>
Capital Projects:						
Roads and Bridges	\$ 2,359,000	\$ 964,410	\$ 964,410	\$ -	\$ 964,410	100%
Fire	1,450,000	1,025,000	885,760	134,041	1,019,801	99%
Park Development/Multipurpose Community Center	4,950,000	5,059,097	5,059,097	-	5,059,097	100%
Library	200,000	200,000	200,000	-	200,000	100%
Economic Development	400,000	78,685	78,685	-	78,685	100%
Water/Sewer	450,000	150,000	150,000	-	150,000	100%
Public Safety Vehicles	450,000	355,934	355,934	-	355,934	100%
Total Capital Projects:	<u>10,259,000</u>	<u>7,833,126</u>	<u>7,693,886</u>	<u>134,041</u>	<u>7,827,927</u>	<u>100%</u>
Intergovernmental:						
City of Hiawasse Allocation	1,143,000	935,000	928,459	-	928,459	99%
City of Young Harris Allocation	<u>1,143,000</u>	<u>935,000</u>	<u>928,458</u>	<u>-</u>	<u>928,458</u>	<u>99%</u>
Total Intergovernmental:	<u>2,286,000</u>	<u>1,870,000</u>	<u>1,856,917</u>	<u>-</u>	<u>1,856,917</u>	<u>99%</u>
Debt Service - Bond Issuance Costs	155,000	129,881	129,881	-	129,881	100%
Debt Service - Principal	6,200,000	6,200,000	6,200,000	-	6,200,000	100%
Debt Service - Interest	<u>557,851</u>	<u>557,999</u>	<u>557,999</u>	<u>-</u>	<u>557,999</u>	<u>100%</u>
Total	<u>\$ 19,457,851</u>	<u>\$ 16,591,006</u>	<u>\$ 16,438,683</u>	<u>\$ 134,041</u>	<u>\$ 16,572,724</u>	<u>100%</u>



COMPLIANCE

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

To the County Commissioner
Towns County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Towns County, Georgia's basic financial statements, and have issued our report thereon dated August 20, 2020. Our report includes a reference to other auditors who audited the financial statements of Towns County Health Department, as described in our report on Towns County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Alexander, Almand & Bangs LLP".

Alexander, Almand and Bangs, LLP
Gainesville, Georgia
August 20, 2020