



FINANCIAL STATEMENTS
WITH SUPPLEMENTAL MATERIAL
FOR THE YEAR ENDED
DECEMBER 31, 2021

TOWNS COUNTY, GEORGIA
 FINANCIAL STATEMENTS
 For the Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the County Commissioner
Towns County, Georgia

Opinion

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Towns County, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of December 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Towns County Health Department, which represents 100 percent of the assets and deferred outflows of resources, net position, and revenues of the discretely presented component unit as of December 31, 2021, and the respective changes in financial position for the year ended. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Towns County Health Department, is based solely on the report of the other auditor.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Towns County, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and, for 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.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Towns County, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 Towns County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Towns County, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planning scope and timing for the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11 and budgetary comparison information on pages 32-34, and the notes to the required supplementary information on page 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required before 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.

Supplementary 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 36-39 and the schedule of projects constructed with special sales tax proceeds on page 40, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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 July 20, 2022, 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 & Bangs, LLP
Gainesville, Georgia
July 20, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS, December 31, 2021

As management of the Towns County, Georgia Government, we offer readers of the financial statements this narrative overview and analysis of the County's activities for the fiscal year ended December 31, 2021. This information should be read and considered in conjunction with the basic financial statement and accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

- Towns County's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 28,377,443 (net position). Of this, \$ 6,966,283 (25%) represents an unrestricted net position that may be used to meet the County's ongoing obligations.
- At the close of the fiscal year, the County's net investment in capital assets, decreased \$ 134,024 or -1%. This decrease is due to the addition of some assets that have accompanying debt in the form of leases as well as an increase in depreciation of assets placed in service during the year.
- The County's total government-wide expenditures were \$ 14,299,001, an increase of 16% above the prior fiscal year. The expenditures were primarily impacted by an increase in salaries and wages for personnel and depreciation expense. In addition, the County saw total government-wide revenues increase to \$ 16,937,909, an increase of 25% over the prior fiscal year. Revenues were primarily impacted by grant funds, sales tax collections, and services in the various departments such as recreational and landfill charges.
- The greatest portion of the County's general fund operating reserves have been invested in liquid money market funds and Certificates of Deposits (CD's) which matured in the current fiscal year. The reserves were placed into these accounts to generate interest income. During the current fiscal year, the County collected \$ 33,023 of interest income through the interest-bearing money market funds, CD's and other cash accounts.

More detailed information regarding activities and funds begins on page 5.

OVERVIEW OF THE FINANCIAL STATEMENTS

Towns County's management discussion and analysis is intended to serve as an introduction to the basic financial statements. The County's basic financial statements comprise three components:

- 1) government-wide financial statements
- 2) fund financial statements, and
- 3) notes to the financial statements.

Government-wide Financial Statements

The Government-wide financial statements are designed to present an overall picture of the County's financial position and results of operations in a manner similar to a private-sector business.

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021

The *Statement of Net Position* presents information on all the County's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The statement of net position combines and consolidates the governmental funds current financial resources with capital assets and long-term obligations.

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type) activities. The governmental activities of Towns County include general government, public safety, court system, public works, health and welfare, recreation and culture, and housing and development. The County does not have any business-type activities.

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.

The government wide financial statements can be found on pages 12-13 of this report.

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 36-39) provide more detailed information about the County'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.

Governmental Funds

The majority of the County's basic services are reported in the governmental funds, which focus on how cash and other financial assets flow in and out of those funds and the balances left at year-end that are available for spending. Therefore, governmental funds provide information for a detailed short-term view that helps determine whether there are more or less financial resources that can be spent in the near future to fund the County's activities. Readers can compare the information presented with governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison may help to communicate the long-term impact of the government's near-term financing decisions.

Reconciliations between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds are provided following the governmental fund financial statements.

The County has three major and eight non-major governmental funds. The County's major governmental funds are the General, Special Purpose Local Option Sales Tax (SPLOST) and American Rescue Plan Act: Local Fiscal Recovery Fund (ARPA). Data from the other eight governmental funds are combined into a single, aggregated presentation.

The basic governmental funds can be found on pages 14-17 of this report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 38-39 this report.

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. Towns County maintains five fiduciary funds called custodial or agency funds: Tax Commissioner, Clerk of Superior Court, Probate Court, Magistrate Court, and Sheriff.

The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-31.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information, which provides the budgetary comparison schedule to the general fund, schedule of revenues, expenditures, and changes in fund balance – budget to actual for the ARPA fund, and the combining financial statements of non-major governmental and fiduciary funds on pages 32-39. These funds are combined by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements. Also included as other information is the schedule of projects constructed with special sales tax proceeds on page 42.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's fiscal year 2021 began strongly with a growing national, state, and local economy. County government revenues and expenditures for operating and capital budgets were healthy. With the reopening and non-closure of the state, tourism, retail consumption, and the job markets flourished, even with the lingering impacts of the global pandemic adversely impacting other areas of the country.

At the close of the fiscal year, Towns County, on a government-wide basis, increased net position by \$ 2,638,908 which is an increase of 10% from the prior year. The County also increased unrestricted net position by \$ 999,568 or 17%. The largest portion of net position (net investment in capital assets) decreased slightly by \$ 134,024 or -1% due to capital asset activity. At the end of the fiscal year, the County also increased restricted net position by \$ 1,773,365 or 148% from the prior year. This increase is mostly due to those amounts restricted for capital projects.

Significant receipts of cash increased from the prior year mainly from three sources: SPLOST, general sales taxes and those received from tourism, and charges for recreational facilities. Out of the County's revenues, 73% are concentrated to tax revenues and 20% concentrated to charges for services. The public safety charges are the most significant of the charges for services and are primarily consisting of ambulance and emergency services charged.

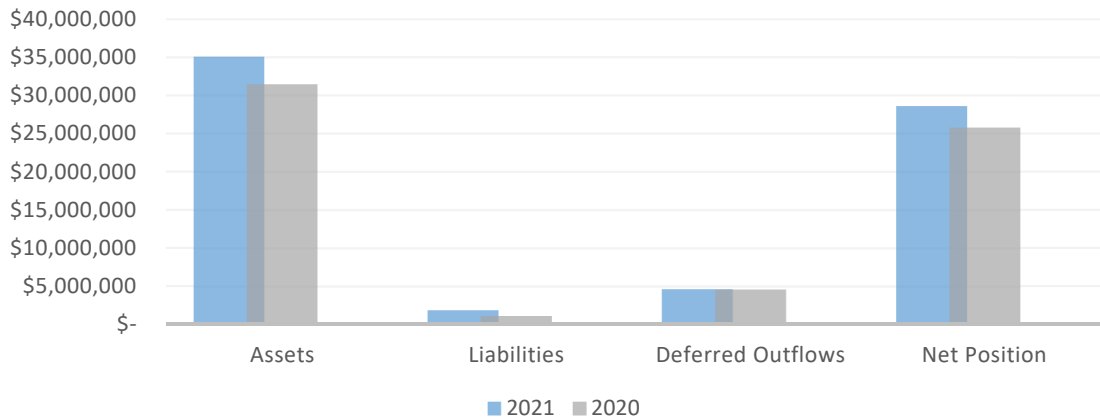
At times, certain grant funds are not recorded as revenues, even if receipt of monies has occurred. The ARPA allocation is not recorded as revenue until the County has determined projects to be fulfilled and expends the monies in accordance with the United States Treasury Regulations; therefore, they are considered unearned revenues and deferred. The ARPA allocation increased the County's liability of unearned revenues (deferred inflows of resources) by \$ 717,700. Other items effecting deferred inflows are property taxes, fines and state grants. The revenues deferred are expected to be recognized and utilized in the upcoming fiscal year.

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021

The following is a summary of the County's Statement of Net Position as found on pages 12 of this report:

	Governmental Activities	
	2021	2020
Current assets	\$ 16,249,086	\$ 12,493,924
Capital assets	18,778,761	18,912,921
Total assets	<u>35,027,847</u>	<u>31,406,845</u>
Deferred outflow of resources	<u>-</u>	<u>-</u>
Current liabilities	743,786	703,339
Noncurrent liabilities	385,661	397,843
Total liabilities	<u>1,129,447</u>	<u>1,101,182</u>
Deferred inflow of resources	<u>5,520,957</u>	<u>4,567,129</u>
Net position		
Net investment in capital assets	18,436,961	18,570,985
Restricted	2,974,199	1,200,834
Unrestricted	6,966,283	5,966,715
Net position	<u>\$ 28,377,443</u>	<u>\$ 25,738,534</u>

GOVERNMENT-WIDE STATEMENT OF NET
POSITION TOTALS, BY YEAR

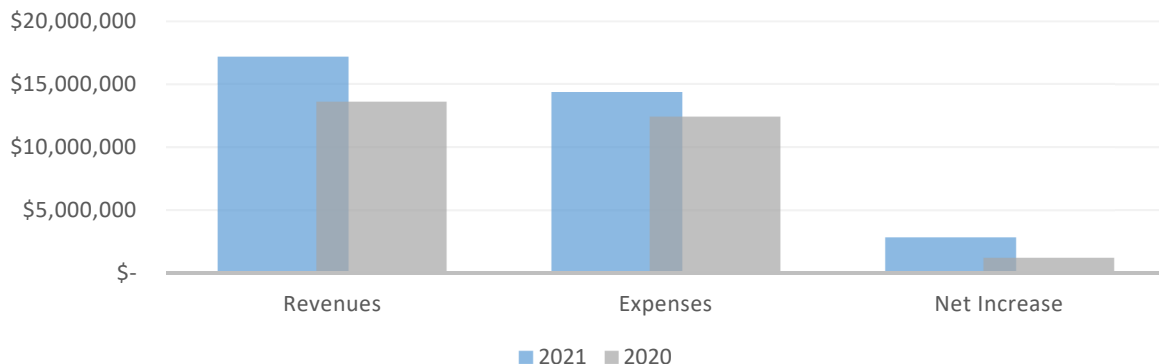


Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021

The following is a summary of the County's Statement of Activities as found on page 13 of this report:

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 3,511,369	\$ 2,659,926
Operating grants and contributions	724,008	1,210,575
Capital grants and contributions	296,447	594,876
General revenues:		
Property taxes	4,571,318	5,279,710
Sales tax	4,981,790	2,487,643
Other taxes	2,822,062	1,282,998
Gain/ (loss) on disposition of capital assets	(2,108)	(509)
Unrestricted investment earnings	33,023	63,855
Total Revenues	16,937,909	13,579,074
Expenditures:		
General government	2,175,410	1,613,696
Public safety	5,982,524	5,708,950
Court system	864,128	857,138
Public works	2,569,191	2,008,669
Health and welfare	1,044,190	814,600
Recreation and culture	1,052,637	866,873
Housing and development	610,921	505,785
Total Expenditures	14,299,001	12,375,711
Increase (decrease) in net position	2,638,908	1,203,363
Change in net position	2,638,908	1,203,363
Net position, January 1	25,738,535	24,535,172
Net position, December 31	\$ 28,377,443	\$ 25,738,535

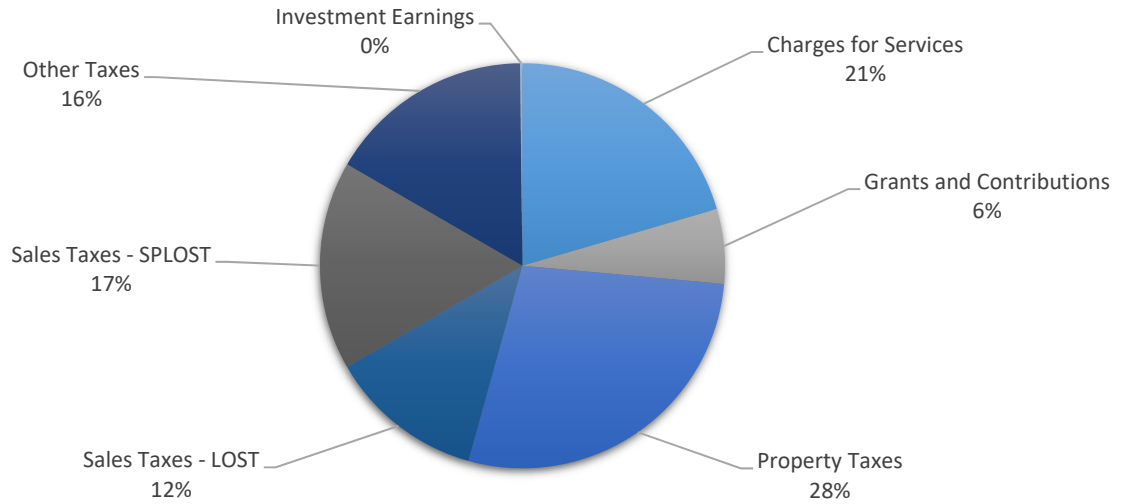
GOVERNMENT-WIDE REVENUE AND EXPENSE TOTALS, BY YEAR



Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021

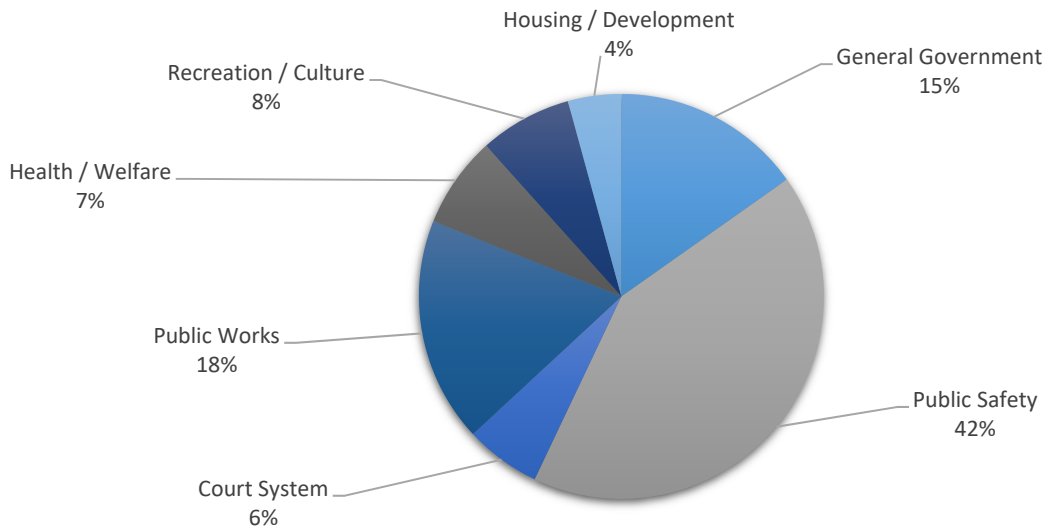
The following chart illustrates revenues of the governmental activities for the fiscal year:

**Reveues by Source - Governmental Activities for the
Year Ending December 31, 2021**



The following chart illustrates expenses of the governmental activities of the fiscal year:

**Expenses by Function - Governmental Activities for the
Year Ending December 31, 2021**



Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The focus of the Towns County Government's governmental funds is to provide information on near-term inflows and outflows, and the balances of spendable resources. Such information is useful in assessing and measuring the County's near-term financing requirements as well as net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the County's governmental funds reported a combined ending fund balance of \$ 10,062,762 with \$ 130,306 reported as non-spendable, \$ 2,974,199 reported as restricted, and the remaining \$ 6,958,257 reported as unassigned. This is an increase of \$ 2,939,444 or 41% from the prior fiscal year.

The General Fund is used to account for all governmental financial resources not restricted by local, state or federal laws. As of December 31, 2021, the General Fund had assets of \$ 12,544,496, liabilities of \$ 624,637 and deferred inflow of resources of \$ 4,832,796. During the fiscal year, there were \$ 763,527 in net transfers distributed by the general fund in the current year. The General Fund also increased its fund balance, after net transfers to other funds, by \$ 1,166,079 during the current fiscal year.

The final budget for the General Fund increased by \$ 1,043,740 from fiscal year 2020 to fiscal year 2021 based on final budgeted appropriations. The increase was budgeted due to additional revenues from sales taxes and other general revenues, which allowed for current asset purchases and planning for repairs / improvements to County facilities.

During 2020, the voters passed the 1% Special Purpose Local Option Sales Tax (SPLOST) to be imposed in Towns County for the benefit of the County and Cities of Hiawassee and Young Harris. The County expects to collect roughly \$ 12,000,000 from the sales tax. The collections are budgeted as 72% to the Courthouse, 5% to Roads, Streets and Bridges, 4% to Fire and 1% to Parks and Recreation projects. In addition, 18% has been allocated through an intergovernmental agreement that provides equal funding to the cities of Hiawassee and Young Harris for various projects. The projects for Hiawassee will include Economic Development, Roads, Streets and Bridges, Parks and Recreation, and Public Safety. The projects for Young Harris will include Roads, Streets and Bridges, and Parks and Recreation. The 2021 SPLOST fund has a \$ 2,353,314 fund balance at fiscal year-end. The fund balance is restricted by the allocations of the projects noted above.

Further detail of the SPLOST Fund is provided in the fund financial statements, notes to the financial statements and schedules of projects constructed with special sales tax proceeds for the 2020 series.

The ARPA Fund is a new special revenue fund to the County due to the receipt of the Local Fiscal Recovery monies allocated to local governments to assist in recovery from impacts of the COVID-19 Pandemic. The County currently has cash on hand in the amount of \$ 718,588, and unearned revenues for the future use of the cash receipts in the amount of \$ 717,700 at the close of the fiscal year. The allocation allowed the County to provide a one-time payment for hazard pay to employees for their dedication and work during the pandemic. In addition, the County utilized funds during the fiscal year for ventilation and other improvements that will assist in maintaining suggested health protocols for years to come.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget, and actual results are shown on pages 32-33. Over the course of the year, the Commissioner may revise the County's budget for reason such as: the use of carry-forwards from prior years' unreserved fund balance to fund capital projects; supplemental appropriations for unanticipated events; or to prevent budget overruns and a violation of state budget law. The County prepares monthly interim financial statements throughout the year for the Commissioner to review for action needed to amend or maintain the budget according to county budgetary policy.

At the close of the fiscal year, General Fund actual revenues of \$ 12,306,973 were more than budgeted revenues of \$ 11,302,890. There were \$ 1,114,690 of surplus reserves originally budgeted. The use of surplus reserves was unnecessary for the County in 2021 and therefore was amended to be excluded from the final budget.

The County estimated total expenditures before transfers of \$ 10,505,890. The County actually spent \$ 10,377,367 or \$ 128,523 less than budgeted expenditures before transfers for the year ending December 31, 2021. Net transfers to other funds were \$ 763,527, which is less than budgeted net transfers of \$ 797,000.

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021

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.

CAPITAL ASSETS ACTIVITY

Towns County's government-wide investments in capital assets at December 31, 2021 were \$ 18,778,761. The investments include land, buildings, furniture and small equipment, roads, bridges, heavy machinery and general equipment, vehicles, and park facilities. During fiscal year 2021, the County's net investment in capital assets decreased by \$ 134,024, net of depreciation. The County spent \$ 989,665 in capital outlay, and had adjustments for depreciation of \$ 1,045,665 and \$ 14,034,511 in accumulated depreciation for its governmental activities. The County also had adjustments for amortization of \$ 75,861 and \$ 118,067 in accumulated amortization for its governmental activities. In addition to purchased assets in the current year, the County placed into service completed construction projects in the amount of \$ 288,156.

Major capital asset activities during the fiscal year were:

- Procurement of various vehicles, equipment and buildings for public safety departments.
- Improved heating and ventilation units in various departmental building.
- Professional services for the design and construction of infrastructure and buildings.
- Improvements to various recreational facilities and sites.
- The disposition of old and outstanding vehicles, equipment and other assets where value or use was no longer considered practical to the Towns County Government.

Additional information on the County's capital assets is contained in the notes to the financial statements.

LONG-TERM OBLIGATIONS

As of December 31, 2021, the County had \$ 341,800 in capital leases outstanding. Two of the leases were entered into during the prior year for upgrades to the Emergency Management System. Another lease was entered into during the year for additional vehicles for the Sheriff's Office. There was a net increase of \$ 56 in debt obligations for the County at the close of the fiscal year in comparison the prior fiscal year.

ECONOMIC FACTORS

During the current fiscal year, the County has experienced an increase in tourism in part to a new balance of lifestyles after the initial impacts of the COVID-19 pandemic as well as the significant efforts of the County towards tourism. 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 an estimated 3.1% since 2020 (most recent estimate, U.S. Census Bureau). Residents of the County have an average household income of \$ 51,000, with a labor force consisting of roughly 44% 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 majority of the population is estimated to be age 65 years and older.

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 are flourishing through good economic conditions impacted by strong economic leadership, the County intends to maintain conservative fiscal positions and to 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.

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 County's Finance Director at 48 River St, Suite B, Hiawassee, GA 30546.

TOWNS COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2021

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>	<u>June 30, 2021 COMPONENT UNIT HEALTH DEPARTMENT</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 13,258,799	\$ 437,635
Receivables, net of allowance for uncollectable	2,859,981	81,172
Prepaid items	<u>130,306</u>	<u>-</u>
Total Current Assets	<u>16,249,086</u>	<u>518,807</u>
Capital Assets		
Capital assets not being depreciated:		
Land	4,540,787	-
Construction in progress	415,136	-
Capital assets being depreciated:		
Land improvements, depreciable	1,485,656	-
Buildings and improvements	15,292,006	-
Furniture and equipment	2,492,510	-
Vehicles and heavy equipment	5,068,762	-
Infrastructure	3,518,415	-
Accumulated depreciation/amortization	<u>(14,034,511)</u>	<u>-</u>
Capital Assets, net of depreciation & amortization	<u>18,778,761</u>	<u>-</u>
TOTAL ASSETS	35,027,847	518,807
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>44,721</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 35,027,847</u>	<u>\$ 563,528</u>

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

TOWNS COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2021

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>	<u>June 30, 2021 COMPONENT UNIT HEALTH DEPARTMENT</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 83,348	\$ 5,812
Accrued liabilities	552,480	-
Compensated absences	-	200
Capital lease payable	<u>107,958</u>	<u>-</u>
Total Current Liabilities	<u>743,786</u>	<u>6,012</u>
Noncurrent Liabilities		
Due within one year		
Compensated absences payable	151,819	44,830
Net pension liability	-	245,563
Net OPEB liability	-	39,163
Capital lease payable	<u>233,842</u>	<u>-</u>
Total Noncurrent Liabilities	<u>385,661</u>	<u>329,556</u>
TOTAL LIABILITIES	<u>1,129,447</u>	<u>335,568</u>
DEFERRED INFLOWS OF RESOURCES	<u>5,520,957</u>	<u>135,695</u>
NET POSITION		
Net investment in capital assets	18,436,961	-
Restricted for:		
Capital projects	2,353,314	-
Special revenues	620,885	50,641
Unrestricted	<u>6,966,283</u>	<u>41,624</u>
TOTAL NET POSITION	<u>28,377,443</u>	<u>92,265</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 35,027,847</u></u>	<u><u>\$ 563,528</u></u>

TOWNS COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Expenditures	Program Revenues		Net (Expenditure) Revenue and Changes in Net Position		June 30, 2021
		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	\$ 2,175,410	\$ 323,811	\$ 161,321	\$ 128,100	\$ (1,562,178)	
Public safety	5,982,524	1,016,100	277,425	8,347	(4,680,652)	
Court system	864,128	591,563	9,688	-	(262,877)	
Public works	2,569,191	798,777	32,295	160,000	(1,578,119)	
Health and welfare	1,044,190	245,052	224,978	-	(574,160)	
Recreation and culture	1,052,637	338,031	13,994	-	(700,612)	
Housing and development	610,921	118,261	4,307	-	(488,353)	
Interest and fees	-	79,774	-	-	79,774	
Total Primary Government	\$ 14,299,001	\$ 3,511,369	\$ 724,008	\$ 296,447	\$ (9,767,177)	
Component Unit:						
Towns Co. Health Department	\$ 465,479	\$ 109,921	\$ 507,591	\$ -		\$ 152,033
Total Component Unit	\$ 465,479	\$ 109,921	\$ 507,591	\$ -		\$ 152,033
GENERAL REVENUES:						
Taxes						
Property taxes					\$ 4,571,318	\$ -
Sales taxes					4,981,790	-
Other taxes					2,822,062	-
Gain / (Loss) on disposition of capital assets					(2,108)	-
Investment earnings					33,023	-
Total General Revenues					12,406,085	-
CHANGE IN NET POSITION					2,638,908	152,033
NET POSITION, BEGINNING (ORIGINAL)					25,738,535	(63,163)
SPECIAL ITEM: PRIOR PERIOD ADJUSTMENT					-	3,395
NET POSITION, BEGINNING (RESTATED)					25,738,535	(59,768)
NET POSITION, ENDING					\$ 28,377,443	\$ 92,265

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

TOWNS COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	General	SPLOST and Bond Construction	ARPA Fund	Other Non-major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 9,781,972	\$ 2,119,016	\$ 718,588	\$ 639,223	\$ 13,258,799
Receivables, net of allowances	2,597,141	232,798	-	30,042	2,859,981
Due from other funds	36,577	1,500	-	1,386	39,463
Prepaid items	128,806	-	-	1,500	130,306
TOTAL ASSETS	<u>\$ 12,544,496</u>	<u>\$ 2,353,314</u>	<u>\$ 718,588</u>	<u>\$ 672,151</u>	<u>\$ 16,288,549</u>
LIABILITIES					
Accounts payable	\$ 83,348	\$ -	\$ -	\$ -	\$ 83,348
Accrued liabilities	538,403	-	-	14,077	552,480
Due to other funds	2,886	-	538	36,039	39,463
Total liabilities	<u>624,637</u>	<u>-</u>	<u>538</u>	<u>50,116</u>	<u>675,291</u>
DEFERRED INFLOW OF RESOURCES	<u>4,832,796</u>	<u>-</u>	<u>717,700</u>	<u>-</u>	<u>5,550,496</u>
FUND BALANCE					
Non-spendable:					
Prepaid items	128,806	-	-	1,500	130,306
Restricted:					
Capital project funds	-	2,353,314	-	-	2,353,314
Special revenue funds	-	-	350	620,535	620,885
Unassigned:	6,958,257	-	-	-	6,958,257
Total fund balances	<u>7,087,063</u>	<u>2,353,314</u>	<u>350</u>	<u>622,035</u>	<u>10,062,762</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE	<u>\$ 12,544,496</u>	<u>\$ 2,353,314</u>	<u>\$ 718,588</u>	<u>\$ 672,151</u>	<u>\$ 16,288,549</u>

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, 2021

TOTAL OF GOVERNMENTAL FUNDS		\$ 10,062,762
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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.		18,778,761
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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.		29,539
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Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Capital lease payable	(341,800)		
Compensated absences payable	(151,819)		
		(493,619)	

NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 28,377,443</u>
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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, 2021

	General	SPLOST and Bond Construction	ARPA Fund	Other Non-major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 9,054,973	\$ 2,858,535	-	\$ 655,797	\$ 12,569,305
Licenses and permits	118,261	-	-	-	118,261
Fines and forfeitures	381,811	-	-	47,771	429,582
Charges for services	2,087,182	-	-	485,924	2,573,106
Interest income	31,238	746	350	689	33,023
Intergovernmental	319,945	-	451,323	272,736	1,044,004
Contributions and donations	26,452	-	-	-	26,452
Other	287,111	-	-	-	287,111
TOTAL REVENUES	12,306,973	2,859,281	451,673	1,462,917	17,080,844
EXPENDITURES					
Current Operating					
General government	1,594,693	15,000	32,295	-	1,641,988
Public safety	4,919,126	-	184,620	705,369	5,809,115
Court system	805,663	-	9,688	46,741	862,092
Public works	1,711,090	-	32,295	649,452	2,392,837
Health and welfare	386,127	-	5,382	584,886	976,395
Recreation and culture	793,608	-	13,994	-	807,602
Housing and development	167,060	-	4,307	440,790	612,157
Capital Outlay	-	391,872	136,447	-	528,319
Intergovernmental	-	510,895	-	-	510,895
TOTAL EXPENDITURES	10,377,367	917,767	419,028	2,427,238	14,141,400
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	1,929,606	1,941,514	32,645	(964,321)	2,939,444
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(763,527)	-	(32,295)	795,822	-
TOTAL OTHER FINANCING SOURCES	(763,527)	-	(32,295)	795,822	-
NET CHANGE IN FUND BALANCES	1,166,079	1,941,514	350	(168,499)	2,939,444
FUND BALANCE, BEGINNING	5,920,984	411,800	-	790,534	7,123,318
FUND BALANCE, ENDING	\$ 7,087,063	\$ 2,353,314	350	\$ 622,035	\$ 10,062,762

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, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,939,444

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	989,665	
Depreciation expense	(1,045,665)	
Amortization expense	(75,861)	
Gain / (Loss) on the disposition of capital assets	<u>(2,108)</u>	(133,969)

Governmental funds include the cost of principal debt reduction as an expenditure which is not included in the statement of activities	<u>(56)</u>	(56)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	(23,097)	
Fines	<u>52,636</u>	29,539

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

Property Taxes	(141,852)	
Fines	<u>(28,512)</u>	(170,364)

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	(151,819)	
Prior year liability - compensated absences	<u>126,133</u>	<u>(25,686)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,638,908

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, 2021

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 1,023,155</u>
TOTAL ASSETS	<u><u>\$ 1,023,155</u></u>
Deferred outflow of resources	<u>-</u>
LIABILITIES	
Funds held in trust	<u>\$ 1,023,155</u>
TOTAL LIABILITIES	<u><u>\$ 1,023,155</u></u>
Deferred inflow of resources	<u>-</u>

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 2021, 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 demonstrate 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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 for the referendum beginning during fiscal year 2020. 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.

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 *American Rescue Plan Act, Local Fiscal Recovery ("ARPA")* is used for allocation of contributions received through the Coronavirus Economic Stimulus Bill. ARPA funds are received based on allocations from the United States Treasury to aide in recovery from the impact of the COVID-19 pandemic.

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus, Basis of Accounting, and Basis of Presentation (cont'd)

Additionally, the government reports *custodial* or *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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Assets, Liabilities, and Net Position or Equity (cont'd)

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 when incurred.

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

Asset Class	Estimated Useful Life
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.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Assets, Liabilities, and Net Position or Equity (cont'd)

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.

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Reclassifications

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

Implementation of New GASB Pronouncement

During the prior fiscal year (December 31, 2020), the County adopted the following GASB pronouncement:

GASB Statement No. 87, *Leases*. This statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. More detail about the County's capital leases can be found in Note 5.

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 available or 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, 2021.

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 and does not actively hold any reserves in investments.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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	\$ 1,831,114	\$ -	\$ -	\$ -
Other taxes	192,033	232,798	-	-
Ambulance	480,368	-	-	-
Fines	270,551	-	-	-
Other accounts	192,264	-	25,791	81,172
Intergovernmental	-	-	4,251	-
Total Gross Receivables	<u>2,966,330</u>	<u>232,798</u>	<u>30,042</u>	<u>81,172</u>
Allowances for uncollectible	<u>(369,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Receivables	<u><u>\$ 2,597,141</u></u>	<u><u>\$ 232,798</u></u>	<u><u>\$ 30,042</u></u>	<u><u>\$ 81,172</u></u>

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

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

	Unavailable	Unearned	Total
General Fund:			
Property tax	\$ (23,097)	\$ 4,772,039	\$ 4,748,942
Probation fines	52,636	-	52,636
Grants	-	748,918	748,918
Total	<u><u>\$ 29,539</u></u>	<u><u>\$ 5,520,957</u></u>	<u><u>\$ 5,550,496</u></u>

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Not being depreciated:				
Land	\$ 4,540,787	\$ -	\$ -	\$ 4,540,787
Construction in progress	394,981	308,311	288,156	415,136
	<u>4,935,768</u>	<u>308,311</u>	<u>288,156</u>	<u>4,955,923</u>
Other Capital Assets:				
Land improvements	1,430,792	54,864	-	1,485,656
Buildings	14,975,442	316,564	-	15,292,006
Equipment, general	2,422,729	69,781	-	2,492,510
Equipment, vehicles and heavy	4,677,983	528,301	137,522	5,068,762
Infrastructure	3,518,415	-	-	3,518,415
	<u>27,025,361</u>	<u>969,510</u>	<u>137,522</u>	<u>27,857,349</u>
Accumulated Depreciation:				
Land improvements	563,692	84,741	-	648,433
Buildings	5,679,987	408,612	-	6,088,599
Equipment	5,610,910	380,288	135,222	5,855,976
Infrastructure	1,151,412	172,024	-	1,323,436
	<u>13,006,001</u>	<u>1,045,665</u>	<u>135,222</u>	<u>13,916,444</u>
Accumulated Amortization				
Capital leases - equipment	42,206	75,861	-	118,067
	<u>42,206</u>	<u>75,861</u>	<u>-</u>	<u>118,067</u>
Net Capital Assets	<u>\$ 18,912,922</u>	<u>\$ 156,295</u>	<u>\$ 290,456</u>	<u>\$ 18,778,761</u>

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

Governmental Activities:

General government	\$ 27,747
Public safety	416,729
Public works	224,279
Health and welfare	66,751
Culture/recreation	310,159
Total	<u>\$ 1,045,665</u>

Amortization expense for the capital leases payable under the public safety department was \$ 75,861 for the year.

NOTE 5 – OBLIGATIONS

Capital Leases

During the current year, the County entered into a lease agreement with Ford to purchase vehicles for the Sheriff's Department. The value of the vehicles recorded under the capital lease agreement is \$ 109,023. The vehicles are recorded on the depreciation schedule under vehicles and amortized for the life of the lease.

TOWNS COUNTY, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

NOTE 5 – OBLIGATIONS (CONT'D)

Capital Leases (cont'd)

During the fiscal year ending December 31, 2021, the County entered into lease agreements with KS StateBank and AT&T for the right to use equipment for the E-911 department. The values of the equipment recorded under the capital lease agreements for KS StateBank and AT&T are \$ 158,951 and \$ 220,656, respectively. The equipment is recorded on the depreciation schedule under equipment and amortized for the life of the lease.

The KS StateBank lease obligation had a payment start date of April 1, 2020, with total monthly payments of \$ 2,984 and an interest rate of 5%. The AT&T lease obligation had a payment start date of August 1, 2020, with total monthly payments of \$ 4,229 and an interest rate of 5.69%. The Ford lease obligation had a payment start date of May 11, 2021, with a total annual payment of \$ 38,443.98 and an interest rate of 6.15%. Total interest paid during the year ending December 31, 2021 was \$ 16,378.

Description	Beginning Balance	Additions	Subtractions	Ending Balance	Amount Due Within One Year
Capital leases	\$ 341,744	\$ 109,023	\$ 108,967	\$ 341,800	\$ 107,958

Capital lease obligations for the year end December 31, 2021 are as follows:

Governmental Activities	Capital Lease Obligations		
	Principal	Interest	Total
2022	107,958	17,032	124,990
2023	113,526	10,919	124,445
2024	82,089	4,458	86,547
2025	38,227	624	38,851
2026 and thereafter	-	-	-
Total	<u>\$ 341,800</u>	<u>\$ 33,033</u>	<u>\$ 374,833</u>

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.

Description	Government-wide Activities				Amount
	Beginning Balance	Additions	Subtractions	Ending Balance	Due Within One Year
Compensated absences	\$ 126,133	\$ 205,355	\$ 179,669	\$ 151,819	\$ 151,819

TOWNS COUNTY, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

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

The composition of interfund balance at December 31, 2021, is as follows:

<u>Primary Government</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 36,577	\$ 2,886
Special Revenue Funds		
SPLOST	1,500	-
Child Development Center	-	10,591
Hotel-Motel Fund	-	5,826
E-911	-	19,622
Victims Assistance	1,386	-
ARPA	-	538
Totals	<u>\$ 39,463</u>	<u>\$ 39,463</u>

Interfund balances generally result from the following activities:

- 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, 2021, are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Totals</u>
General Fund	\$ 50,000	\$ 813,527	\$ (763,527)
ARPA Fund	-	32,295	(32,295)
LMIG Fund	131,027	-	131,027
Emergency 911	455,000	-	455,000
Child Development Center	259,795	-	259,795
Hotel / Motel Tax Fund	-	50,000	(50,000)
Totals	<u>\$ 895,822</u>	<u>\$ 895,822</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, 2021

NOTE 7 – RETIREMENT PLANS

Defined Contribution Plan

The County participates in 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, 2021 was \$ 134,805.

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.

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 \$ 14,042 to the GMRC for the year ended December 31, 2021. *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 the Georgia Mountain Regional Commission, P.O. Box 1720, Gainesville, Georgia 30503-1720.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 \$ 9,935 in the current year (2021).

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, 2021, 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, 2021, no significant proceedings or awards have been made against the County. In addition, as of December 31, 2021 the County is not aware of any pending or threatened litigation.

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

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

The purpose of the fund and risk management agency is to defend and protect the members against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation laws of Georgia. The fund and agency 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 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, 2021, there was no additional liability assessment from the ACCG-GSIWCF or the ACCG-IRMA. Therefore, no liability for this has been included in these financial statements.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 10 – RISK MANAGEMENT AND CONTINGENCIES (CONT'D)

Other

The County also purchases combined automobile, crime, liability and property insurance coverage from the ACCG-IRMA. A \$ 2,500 to \$ 5,000 deductible applies to each claim. The following is a summary of coverage at December 31, 2021:

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, 2021. 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, 2021, the County collected of \$ 655,797 of which \$ 262,319 was required to be spent to promote tourism, conventions, and trade shows. The County actually spent \$ 490,790. This was greater than the required to be expended for these purposes under O.C.G.A. § 48-13-51. The County complied with the requirements of this law.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 20, 2022, the date the financial statements were available to be issued.

TOWNS COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 7,714,100	\$ 8,546,700	\$ 9,054,973	\$ 508,273
Licenses and permits	68,250	118,150	118,261	111
Fines and forfeitures	230,200	352,075	381,811	29,736
Charges for services	1,516,000	1,896,100	2,087,182	191,082
Interest income	50,000	30,000	31,238	1,238
Intergovernmental	279,100	314,180	319,945	5,765
Contributions and donations	2,500	21,000	26,452	5,452
Other	290,750	24,685	287,111	262,426
TOTAL REVENUES	10,150,900	11,302,890	12,306,973	1,004,083
EXPENDITURES				
General Government				
General and administrative	812,350	835,350	814,179	21,171
Commissioner	154,800	140,800	139,928	872
Tax commissioner	301,850	290,350	288,589	1,761
Tax assessor	266,600	239,600	232,265	7,335
Election	108,650	118,650	119,732	(1,082)
Total General Government	1,644,250	1,624,750	1,594,693	30,057
Public Safety				
Regional expenditures	288,900	132,400	129,539	2,861
Sheriff	1,577,095	1,702,495	1,690,770	11,725
Jail operation	1,190,400	1,230,400	1,210,846	19,554
Fire department	489,150	438,550	436,008	2,542
Ambulance service	1,331,245	1,318,745	1,316,545	2,200
E.M.A. director	34,600	47,100	46,827	273
E-911 Mapping	114,850	89,850	88,591	1,259
Total Public Safety	5,026,240	4,959,540	4,919,126	40,414
Court System				
Probate/Magistrate court	289,800	249,800	248,233	1,567
Clerk of court	249,450	227,950	227,946	4
Court - other	285,500	213,500	207,044	6,456
District attorney	168,000	123,000	122,440	560
Total Court System	992,750	814,250	805,663	8,587

TOWNS COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE (CONTINUED)
 GENERAL FUND
 For the Year Ended December 31, 2021

(CONTINUED)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works				
Road department	883,950	813,950	809,372	4,578
Transfer Station/Landfill	636,775	871,775	869,048	2,727
Recycling	36,675	33,675	32,670	1,005
Total Public Works	<u>1,557,400</u>	<u>1,719,400</u>	<u>1,711,090</u>	<u>8,310</u>
Health and Welfare				
Regional expenditures	508,700	278,700	255,889	22,811
Extension service	22,000	22,000	16,512	5,488
Transportation service	103,900	113,900	113,726	174
Total Health and Welfare	<u>634,600</u>	<u>414,600</u>	<u>386,127</u>	<u>28,473</u>
Recreation and Culture				
Regional expenditures	335,000	282,000	276,783	5,217
Recreation department	311,150	423,150	423,466	(316)
Chatuge campground	102,100	94,600	93,359	1,241
Total Recreation and Culture	<u>748,250</u>	<u>799,750</u>	<u>793,608</u>	<u>6,142</u>
Housing and Development				
Regional expenditures	54,000	49,000	45,217	3,783
Building inspection	97,950	96,450	94,912	1,538
Planning and zoning	30,150	28,150	26,931	1,219
Total Housing and Development	<u>182,100</u>	<u>173,600</u>	<u>167,060</u>	<u>6,540</u>
TOTAL EXPENDITURES	<u>10,785,590</u>	<u>10,505,890</u>	<u>10,377,367</u>	<u>128,523</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(634,690)	797,000	1,929,606	
OTHER FINANCING SOURCES (USES)				
Transfers in / (out)	(480,000)	(797,000)	(763,527)	
Contingencies / Surplus reserves	<u>1,114,690</u>	<u>-</u>	<u>-</u>	
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>1,166,079</u>	
			<u>5,920,984</u>	
			<u>\$ 7,087,063</u>	

TOWNS COUNTY, GEORGIA
 AMERICAN RESCUE PLAN
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the year ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 460,000	\$ 460,000	\$ 451,323	\$ 8,677
Interest income	-	-	350	(350)
TOTAL REVENUES	<u>460,000</u>	<u>460,000</u>	<u>451,673</u>	<u>8,327</u>
EXPENDITURES				
General government	34,000	34,000	32,295	1,705
Public safety	185,000	185,000	184,620	380
Court system	10,500	10,500	9,688	812
Public works	33,500	33,500	32,295	1,205
Health and welfare	6,000	6,000	5,382	618
Recreation and culture	14,500	14,500	13,994	506
Housing and development	5,000	5,000	4,307	693
Capital Outlay	138,000	138,000	136,447	1,553
TOTAL EXPENDITURES	<u>426,500</u>	<u>426,500</u>	<u>419,028</u>	<u>7,472</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>33,500</u>	<u>33,500</u>	<u>32,645</u>	<u>855</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(33,500)</u>	<u>(33,500)</u>	<u>(32,295)</u>	
TOTAL OTHER FINANCING SOURCES	<u>(33,500)</u>	<u>(33,500)</u>	<u>(32,295)</u>	
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>350</u>	
FUND BALANCE, BEGINNING			<u>-</u>	
FUND BALANCE, ENDING			<u>\$ 350</u>	

TOWNS COUNTY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

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 exceeded budgeted expenditures: the elections and recreation departments. The budgets were exceeded by \$ 1,082 and \$ 316, respectively. The amounts exceeding budgeted appropriations are within 1% of their respective department appropriations.

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 December 31, 2021

	<u>Tax Commissioner</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Sheriff</u>	<u>Total</u>
ASSETS						
Cash	<u>\$ 33,107</u>	<u>\$ 728,986</u>	<u>\$ 23,999</u>	<u>\$ 10,002</u>	<u>\$ 227,061</u>	<u>\$ 1,023,155</u>
TOTAL ASSETS	<u><u>\$ 33,107</u></u>	<u><u>\$ 728,986</u></u>	<u><u>\$ 23,999</u></u>	<u><u>\$ 10,002</u></u>	<u><u>\$ 227,061</u></u>	<u><u>\$ 1,023,155</u></u>
LIABILITIES						
Funds held in trust	<u>\$ 33,107</u>	<u>\$ 728,986</u>	<u>\$ 23,999</u>	<u>\$ 10,002</u>	<u>\$ 227,061</u>	<u>\$ 1,023,155</u>
TOTAL LIABILITIES	<u><u>\$ 33,107</u></u>	<u><u>\$ 728,986</u></u>	<u><u>\$ 23,999</u></u>	<u><u>\$ 10,002</u></u>	<u><u>\$ 227,061</u></u>	<u><u>\$ 1,023,155</u></u>

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
 FIDUCIARY FUNDS
 For the Year Ended December 31, 2021

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	<u>\$ 1,097,881</u>	<u>\$ 18,425,299</u>	<u>\$ 18,500,025</u>	<u>\$ 1,023,155</u>
TOTAL ASSETS	<u>\$ 1,097,881</u>	<u>\$ 18,425,299</u>	<u>\$ 18,500,025</u>	<u>\$ 1,023,155</u>
LIABILITIES				
Funds held in trust	<u>\$ 1,097,881</u>	<u>\$ 18,425,299</u>	<u>\$ 18,500,025</u>	<u>\$ 1,023,155</u>
TOTAL LIABILITIES	<u>\$ 1,097,881</u>	<u>\$ 18,425,299</u>	<u>\$ 18,500,025</u>	<u>\$ 1,023,155</u>

TOWNS COUNTY, GEORGIA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 December 31, 2021

	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	\$ 27,475	\$ 80,087	\$ 28,203	\$ 23,877	\$ 205,845	\$ -	\$ 11,289	\$ 262,447	\$ 639,223
Receivables, net	2,842	22,949	-	-	-	-	-	-	25,791
Intergovernmental receivable	4,251	-	-	-	-	-	-	-	4,251
Due from other funds	-	-	-	-	-	1,386	-	-	1,386
Prepaid Insurance	1,500	-	-	-	-	-	-	-	1,500
TOTAL ASSETS	\$ 36,068	\$ 103,036	\$ 28,203	\$ 23,877	\$ 205,845	\$ 1,386	\$ 11,289	\$ 262,447	\$ 672,151
Deferred outflow of resources	-	-	-	-	-	-	-	-	-
LIABILITIES									
Accrued liabilities	\$ 14,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,077
Due to other funds	10,591	19,622	-	-	-	-	-	5,826	36,039
Total liabilities	24,668	19,622	-	-	-	-	-	5,826	50,116
Deferred inflow of resources	-	-	-	-	-	-	-	-	-
FUND BALANCE									
Restricted:									
Special revenue funds	11,400	83,414	28,203	23,877	205,845	1,386	11,289	256,621	622,035
Total fund balances	11,400	83,414	28,203	23,877	205,845	1,386	11,289	256,621	622,035
TOTAL LIABILITIES AND FUND BALANCES	\$ 36,068	\$ 103,036	\$ 28,203	\$ 23,877	\$ 205,845	\$ 1,386	\$ 11,289	\$ 262,447	\$ 672,151

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2021

	Child Development Center	Emergency 911	Law Library	Drug Fund	LMIG	Victim's Assistance Fund	Jail Fund	Hotel / Motel Tax Fund	Total
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 655,797	\$ 655,797
Fines and forfeitures	-	-	5,867	20,336	-	10,049	11,519	-	47,771
Charges for services	210,440	275,484	-	-	-	-	-	-	485,924
Interest income	5	73	-	9	470	-	-	132	689
Intergovernmental	112,736	-	-	-	160,000	-	-	-	272,736
TOTAL REVENUES	\$ 323,181	\$ 275,557	\$ 5,867	\$ 20,345	\$ 160,470	\$ 10,049	\$ 11,519	\$ 655,929	\$ 1,462,917
EXPENDITURES									
Current Operating									
Public safety	\$ -	\$ 705,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 705,369
Court system	-	-	5,573	22,616	-	10,049	8,503	-	46,741
Public works	-	-	-	-	649,452	-	-	-	649,452
Health and welfare	584,886	-	-	-	-	-	-	-	584,886
Housing and development	-	-	-	-	-	-	-	440,790	440,790
TOTAL EXPENDITURES	584,886	705,369	5,573	22,616	649,452	10,049	8,503	440,790	2,427,238
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(261,705)	(429,812)	294	(2,271)	(488,982)	-	3,016	215,139	(964,321)
OTHER FINANCING SOURCES (USES)									
Transfers in (out)	259,795	455,000	-	-	131,027	-	-	(50,000)	795,822
TOTAL OTHER FINANCING SOURCES	259,795	455,000	-	-	131,027	-	-	(50,000)	795,822
NET CHANGE IN FUND BALANCES	(1,910)	25,188	294	(2,271)	(357,955)	-	3,016	165,139	(168,499)
FUND BALANCE, BEGINNING	13,310	58,226	27,909	26,148	563,800	1,386	8,273	91,482	790,534
FUND BALANCE, ENDING	\$ 11,400	\$ 83,414	\$ 28,203	\$ 23,877	\$ 205,845	\$ 1,386	\$ 11,289	\$ 256,621	\$ 622,035

TOWNS COUNTY, GEORGIA
SPECIAL LOCAL OPTIONS SALES TAX 2020 SERIES
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
BUDGET AND ACTUAL - PROJECT TO DATE
From Inception Through December 31, 2021

<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:						
Courthouse	\$ 8,600,000	\$ 8,600,000	\$ 101,086	\$ 157,640	\$ 258,726	3%
Roads and Bridges	600,000	600,000	27,893	219,232	247,125	41%
Fire	500,000	500,000	-	30,000	30,000	6%
Parks and Recreation	140,000	140,000	-	-	-	0%
Total Capital Projects:	<u>9,840,000</u>	<u>9,840,000</u>	<u>128,979</u>	<u>406,872</u>	<u>535,851</u>	<u>5%</u>
Intergovernmental:						
City of Hiawassee Allocation	1,080,000	1,080,000	36,092	255,447.50 *	291,540	27%
City of Young Harris Allocation	1,080,000	1,080,000	36,092	255,447.50 *	291,540	27%
Total Intergovernmental:	<u>2,160,000</u>	<u>2,160,000</u>	<u>72,184</u>	<u>510,895</u>	<u>583,079</u>	<u>27%</u>
Total	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>	<u>\$ 201,163</u>	<u>\$ 917,767</u>	<u>\$ 1,118,930</u>	<u>9%</u>

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

To the County Commissioner
Towns County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of and for the year ended December 31, 2021, 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 July 20, 2022. 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
July 20, 2022