



FINANCIAL STATEMENTS
WITH SUPPLEMENTAL MATERIAL
FOR THE YEAR ENDED
DECEMBER 31, 2020

TOWNS COUNTY, GEORGIA
FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the County Commissioner
Towns County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Towns County, Georgia's basic financial statements. The combining and individual fiduciary and non-major fund financial schedules on pages 35-38, and the schedules of projects constructed with special sales tax proceeds on pages 39-40, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 45 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fiduciary and non-major fund financial schedules on pages 35-38, the schedules of projects constructed with special sales tax proceeds on pages 39-40, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fiduciary and non-major fund financial schedules, the schedules of projects constructed with special sales tax proceeds, and the schedule of expenditures of federal awards 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 September 15, 2021 on our consideration of Towns County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Towns County, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Towns County, Georgia's internal control over financial reporting and compliance.



Alexander, Almand and Bangs, LLP
Gainesville, Georgia
September 15, 2021



MANAGEMENT'S DISCUSSION & ANALYSIS



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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Towns County Commissioner provides the management's discussion and analysis as an objective and easily readable analysis of the Government's financial activities for the year ended December 31, 2020. The analysis provides summary financial information for Towns County and should be read in conjunction with the Government's accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities at the close of the fiscal year by \$ 25,738,534 (net position). Of this amount, \$ 5,966,715 represents unrestricted net position, which may be used to meet the Government's ongoing obligations.
- Throughout the last few years, the County has made diligent efforts to evaluate and improve the areas of service that are provided to its citizens of the County. Through this process and continuous current efforts, the County has been able to further strengthen its financial position. During the current year, the County and various departments sought out grants for operations and equipment. These grants were able to provide much needed improvements and funding in some departments. In addition, the County continues to practice conservative spending. Each of these efforts combined, have resulted in the increase of the Government's net position by \$ 1,203,363 for the current year, which is about 5% of total net assets. Total revenue sources increased by during the year by nearly \$ 1,700,000. The Commissioner, along with the various departments of the County, are fully dedicated to work toward the common goal to continuously provide for and improve the health of the County for the benefit of its citizens.
- 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), many of which may mature in the next fiscal year. The reserves were placed into these funds because they will generate more interest income due to their higher interest rates. Any remaining reserves, the SPLOST fund, and the non-major funds are held in interest bearing bank accounts. The County periodically reevaluates the interest rates available at local banking institutions and will select the institution that provides greater economic benefit. Unfortunately, during the current year, the saw a decline in the offered interest rates in the region which resulted in decreased interest earnings from the prior year (23%). However, the County did collect \$ 63,856 of interest income through the interest-bearing money market funds, CD's and other accounts.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2020

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

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

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

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

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

Fund Financial Statements

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

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

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.

Required and Other Supplementary Information

Following the basic financial statements is required and other supplementary information, which provides the budgetary comparison schedule to the general fund and the combining financial statements of non-major governmental and fiduciary funds on pages 32-40. Also included are the schedules of projects constructed with special sales tax proceeds. 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.

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2020

GOVERNMENT-WIDE FINANCIAL INFORMATION

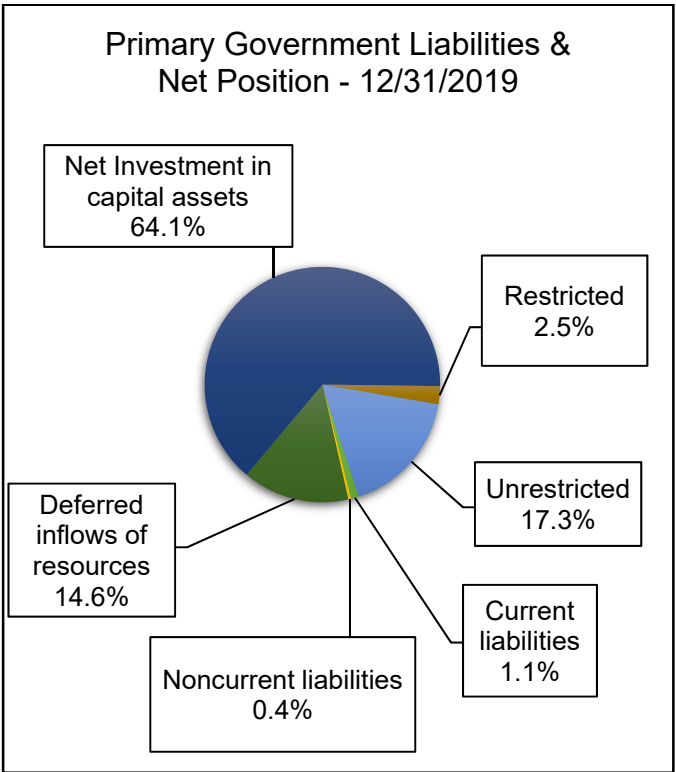
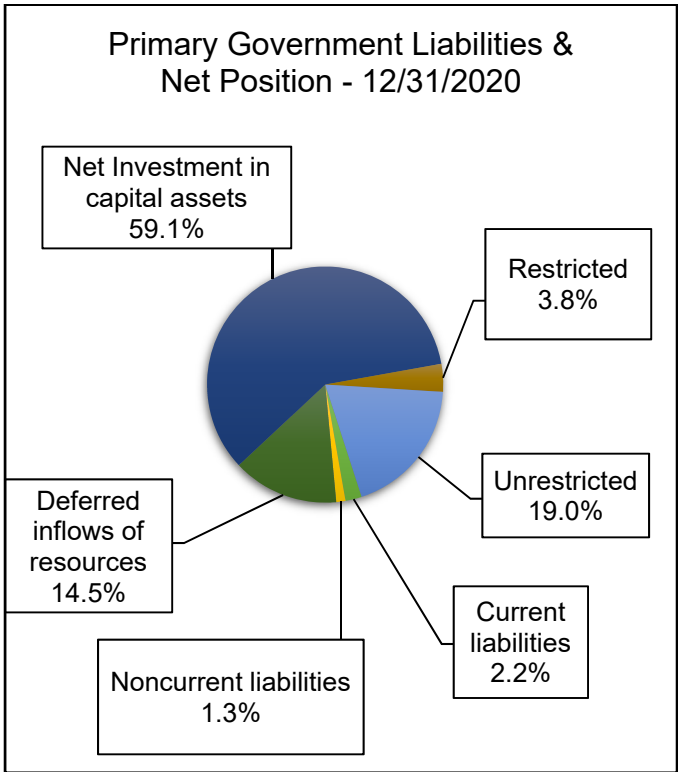
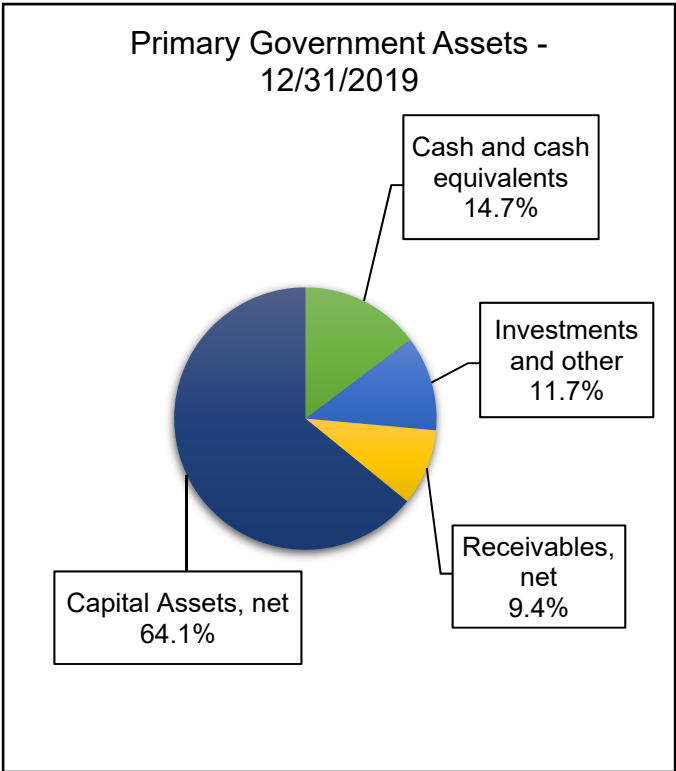
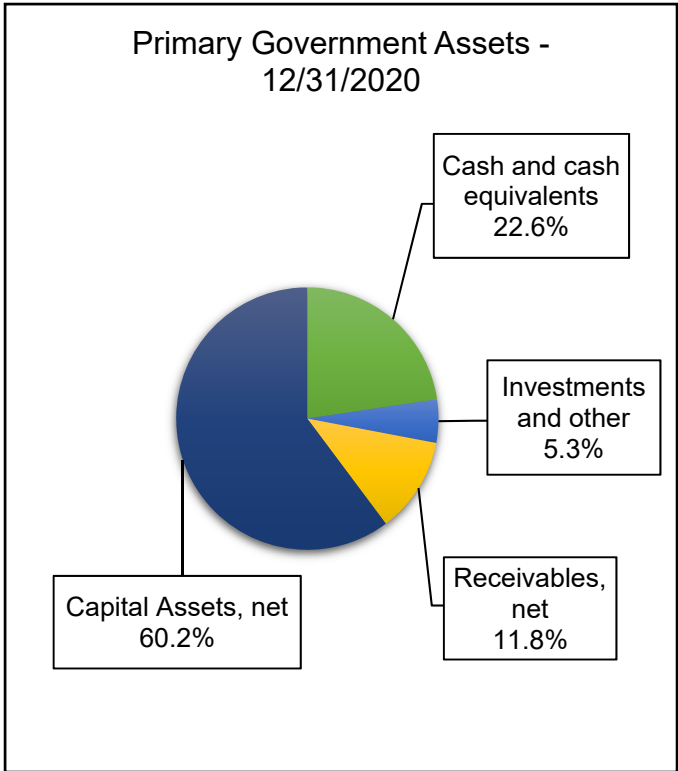
The government-wide financial statements and the fund financial statements provide different pictures of the Government. The government-wide financial statements provide an overall picture of the Government's financial standing as shown in results for Governmental Activities. These statements are comparable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

At December 31, 2020 and 2019 respectively, the County's assets exceeded liabilities by \$ 25,738,534 and \$24,535,171. The largest portion of the County's net position reflects its investment in capital assets. Capital assets are used to provide services to citizens and they are not available for future spending.

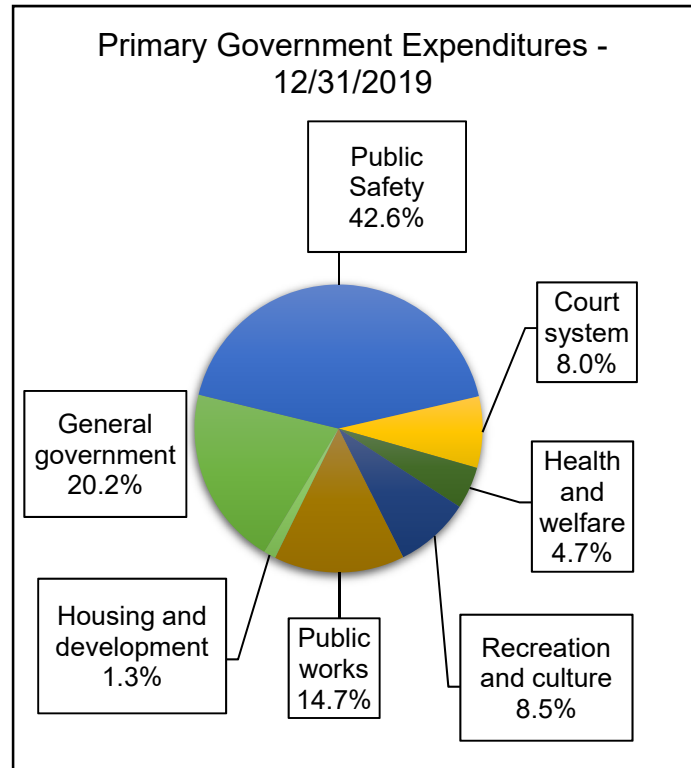
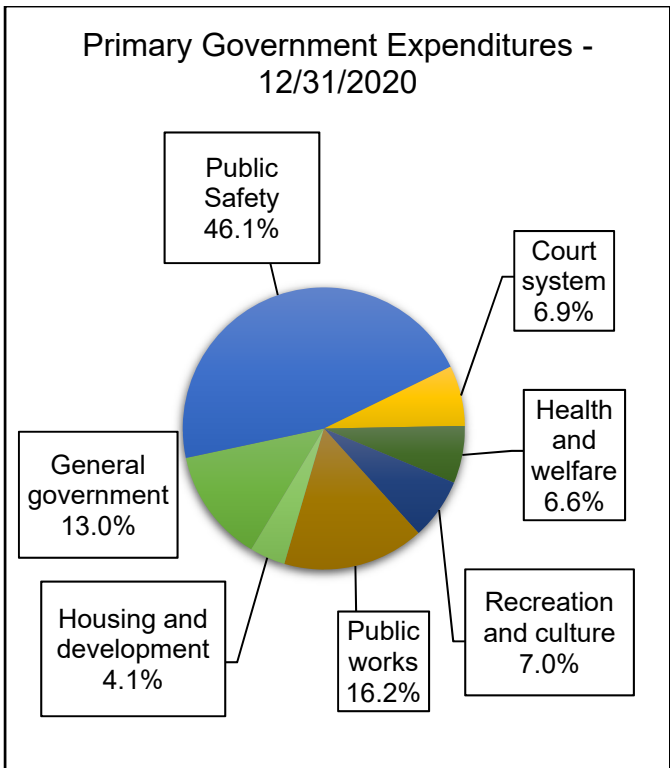
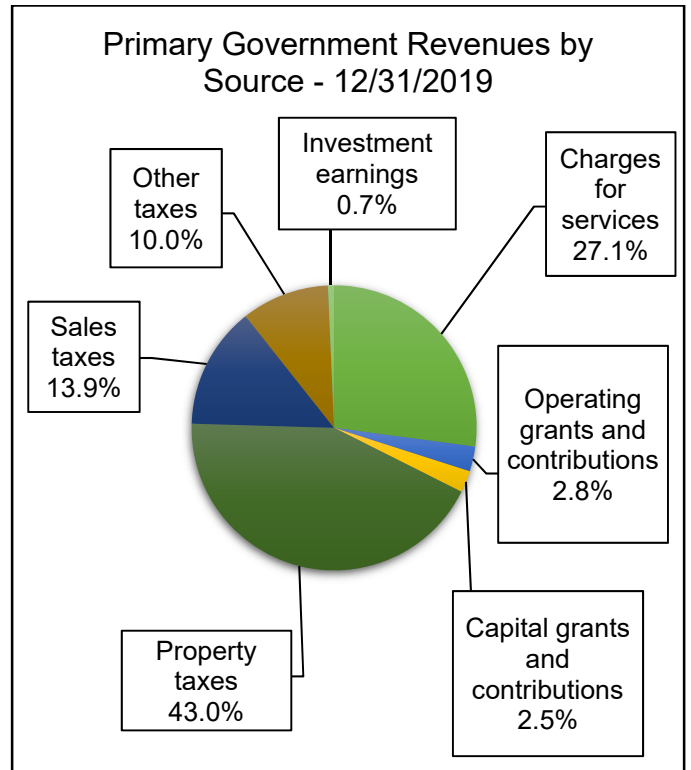
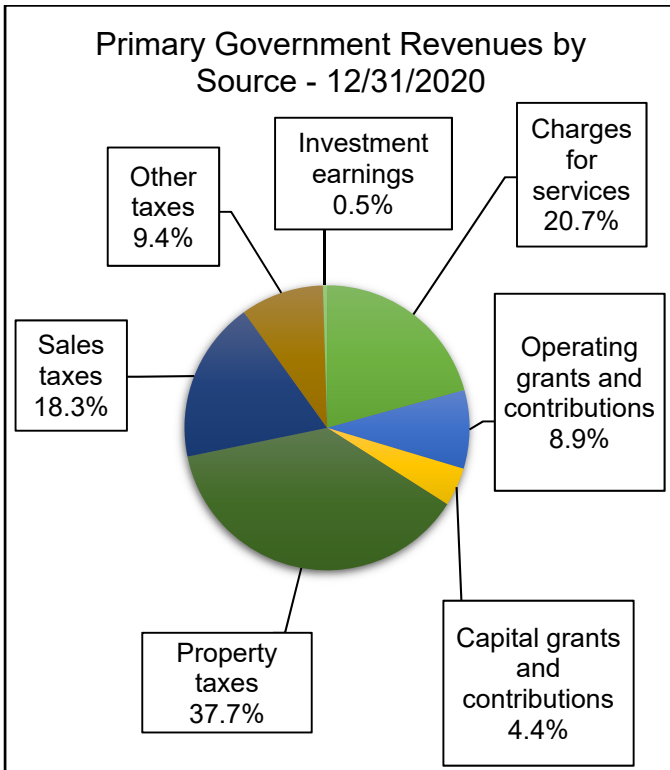
Net Position as of December 31, 2020 and 2019

	Governmental Activities	
	2020	2019
Current and other assets	\$ 12,494,116	\$ 10,491,613
Capital assets	18,912,729	18,751,299
Total assets	31,406,845	29,242,912
Deferred outflow of resources	-	-
Current liabilities outstanding	703,339	314,783
Noncurrent liabilities outstanding	397,843	114,183
Total liabilities	1,101,182	428,966
Deferred inflow of resources	4,567,129	4,278,775
Net position:		
Net investment in capital assets	18,570,985	18,751,299
Restricted	1,200,834	725,927
Unrestricted	5,966,715	5,057,945
Net position	\$ 25,738,534	\$ 24,535,171

Towns County, Georgia
 Management's Discussion and Analysis
 For the Year Ended December 31, 2020



Towns County, Georgia
 Management's Discussion and Analysis
 For the Year Ended December 31, 2020



Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Changes in Net Position

The County's total revenues before transfers for fiscal year ended December 31, 2020 totaled \$ 13,579,074. Expenditures were \$ 12,375,711 with an overall change in net position of \$ 1,203,363.

Changes in Net Position

	Governmental Activities	
	2020	2019
	<hr/>	<hr/>
Revenues:		
Program revenues:		
Charges for services	\$ 2,659,926	\$ 3,211,157
Operating grants and contributions	1,210,575	334,070
Capital grants and contributions	594,876	292,951
General revenues:		
Property taxes	5,279,710	5,095,377
Sales tax	2,487,643	1,643,494
Other taxes	1,282,998	1,178,276
Unrestricted investment earnings	63,855	83,821
Gain/ (loss) on disposition of capital assets	(509)	-
Total Revenues	<hr/> 13,579,074 <hr/>	<hr/> 11,839,146 <hr/>
 Expenditures:		
General government	1,613,696	1,394,771
Public safety	5,708,950	5,180,362
Court system	857,138	950,443
Health and welfare	814,600	964,309
Recreation and culture	866,873	928,432
Public works	2,008,669	1,788,936
Housing and development	505,785	419,409
Total Expenditures	<hr/> 12,375,711 <hr/>	<hr/> 11,626,662 <hr/>
 Increase (decrease) in net position	<hr/> 1,203,363 <hr/>	<hr/> 212,484 <hr/>
 Change in net position	1,203,363	212,484
Net position, January 1	<hr/> 24,535,171 <hr/>	<hr/> 24,322,687 <hr/>
 Net position, December 31	<hr/> \$ 25,738,534 <hr/>	<hr/> \$ 24,535,171 <hr/>

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2020

FUND FINANCIAL INFORMATION

Major Governmental Funds

General Fund

The General Fund is used to account for all governmental financial resources not restricted by local, state or federal laws. As of December 31, 2020, the General Fund had assets of \$ 11,280,839, liabilities of \$ 622,362 and deferred inflow of resources of \$ 4,737,493. The General Fund also increased its fund balance, after transfers to other funds, by \$ 1,067,997 during the current fiscal year.

The final budget for the General Fund increased by \$ 611,663 from fiscal year 2019 to fiscal year 2020 based on final budgeted appropriations. The increase was budgeted due to additional revenues from sales taxes and other general revenues, which allowed for some needed asset purchases and repairs to County facilities.

SPLOST Fund

The 2011 SPLOST fund has a \$ 0 fund balance at year end. Earnings, projects and distributions of the referendum are considered to be 100% complete as of December 31, 2020.

During 2020, the voters passed a new 1% Special Purpose Local Option Sales Tax (SPLOST) to be imposed in Towns County for the benefit of the County, Hiwassee 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 Hiwassee and Young Harris for various projects. The projects for Hiwassee 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 2020 SPLOST fund has a \$ 411,800 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 2011 series and 2020 series.

CAPITAL ASSETS ACTIVITY

During fiscal year 2020, the County's net investment in capital assets decreased by \$ 180,316 net of depreciation. The County spent \$ 1,138,206 in capital outlay (which included \$ 134,718 in the SPLOST fund, \$ 630,382 in special revenue funds, and \$ 373,106 in the general fund), and had adjustments for depreciation of \$ 934,061 and \$ 13,006,194 in accumulated depreciation for its governmental activities. The County also had adjustments for amortization of \$ 42,206 and \$ 42,206 in accumulated amortization for its governmental activities. During the year, the County utilized professional architecture services for the planned courthouse renovation project under the SPLOST fund. The county incurred costs of \$ 106,825 (\$ 101,086 for the courthouse project and \$ 5,739 toward the fire station) for the year ended December 31, 2020 and amounts have been included in construction in progress. The Emergency Management System underwent a significant improvement project as needed by the public safety departments to continue providing emergency services. The costs of the E-911 upgrade was \$ 630,382 and includes the addition of two capital leases. Various emergency services vehicles were purchased throughout the year as well. The fire station, partially funded by SPLOST in the prior year, remains an in-progress project. Additions to the build cost \$ 25,653 for the year ending December 31, 2020. The station is expected to be fully complete in fiscal year 2021. All other assets have been placed into service and are currently being utilized by the respective departments. Further detail on capital assets is provided in the notes to the financial statements.

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Capital Assets at Year-end

	Governmental Activities	
	2020	2019
Land	\$ 4,540,787	\$ 4,540,787
Construction/projects in progress	394,982	262,504
Land improvements	1,430,792	1,430,792
Buildings	14,975,442	14,975,442
Equipment	7,100,711	6,375,981
Infrastructure	3,518,415	3,518,415
Total	<u>\$ 31,961,129</u>	<u>\$ 31,103,921</u>

The following reconciliation summarizes the change in capital assets:

	Governmental Activities	
	2020	2019
Beginning balance:	\$ 31,103,921	\$ 30,425,653
Additions:		
Land	-	-
Construction/projects in progress	132,478	262,504
Land improvements	-	-
Buildings	-	55,522
Equipment	1,005,728	407,839
Infrastructure	-	-
Dispositions/placed in service:		
Land	-	-
Construction/projects in progress	-	(47,597)
Land improvements	-	-
Buildings	-	-
Equipment	(280,998)	-
Infrastructure	-	-
Total Capital Assets at Year-end	<u>\$ 31,961,129</u>	<u>\$ 31,103,921</u>

Long-Term Debt

As of December 31, 2020, the County had \$ 341,744 in capital leases outstanding. The leases were entered into during the year for the upgrades to the Emergency Management System.

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual revenues of \$ 11,631,275 were more than budgeted revenues of \$ 10,259,150. There were \$ 831,340 of surplus reserves budgeted in 2020 for the uncertainty of additional revenues. The use of surplus reserves was unnecessary for the County in 2020.

General Fund expenditures (before transfers) were less than budgeted. The County estimated total appropriations of \$ 10,259,150, and budgeted expenditures (before transfers) of \$ 10,652,290. The County actually spent \$ 9,936,090 or \$ 716,199 less than budgeted before transfers for the year ending December 31, 2020. Net transfers to other funds were \$ 627,188, which is more than budgeted net transfers of \$ 438,200. Actual expenditures being less than budgeted was achieved through continued implementation of conservative fiscal policies adopted by the Commissioner, consistent monitoring of needs by departments and reliable financial reporting provided in a timely manner.

ECONOMIC FACTORS

During the past fiscal year, the County has experienced an increase in tourism as well as a slight increase in population. As the national economy surges, opportunities for people to earn more income and have the ability to either retire or have a retreat in the mountains of North Georgia also increases. The County is a recreational center with an abundance of outdoor activities, cultural experiences and an escape for peace and relaxation. The population has grown by approximately 15% since 2010 (most recent estimate, U.S. Census Bureau). Residents of the County have an average household income of \$ 48,000, with a labor force consisting of roughly 45% of the population. The health care and accommodations/food service industries contribute to the most significant revenues received by both businesses and residents of the County. The average age of residents is 53 years old.

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

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

The global COVID-19 pandemic has also put its individual mark on the citizens of Towns County. During this time, the County has worked tirelessly, in conjunction with local health officials, to provide the support, resources, safety and welfare, for the citizens and tax payers of Towns County. Future effects of the COVID-19 pandemic are not known, but efforts will be placed toward the best interests of the County as a whole.

REQUESTS FOR INFORMATION

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

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



BASIC FINANCIAL STATEMENTS

TOWNS COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2020

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>	<u>June 30, 2020 COMPONENT UNIT HEALTH DEPARTMENT</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,113,162	\$ 362,144
Investments	1,543,870	-
Receivables, net of allowance for uncollectable	3,703,517	72,130
Prepaid items	<u>133,567</u>	<u>-</u>
Total Current Assets	<u>12,494,116</u>	<u>434,274</u>
Capital Assets		
Capital assets not being depreciated:		
Land	4,540,787	-
Construction in progress	394,982	-
Capital assets being depreciated:		
Land improvements, depreciable	1,430,792	-
Buildings and improvements	14,975,442	-
Furniture and equipment	2,422,728	-
Vehicles and heavy equipment	4,677,983	-
Infrastructure	3,518,415	-
Accumulated depreciation/amortization	<u>(13,048,400)</u>	<u>-</u>
Capital Assets, net of depreciation & amortization	<u>18,912,729</u>	<u>-</u>
TOTAL ASSETS	31,406,845	434,274
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>51,026</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 31,406,845</u></u>	<u><u>\$ 485,300</u></u>

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

TOWNS COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2020

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>	<u>June 30, 2020 COMPONENT UNIT HEALTH DEPARTMENT</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 114,598	\$ 9,264
Accrued liabilities	518,707	-
Compensated absences	-	13,900
Capital lease payable	<u>70,034</u>	<u>-</u>
Total Current Liabilities	<u>703,339</u>	<u>23,164</u>
Noncurrent Liabilities		
Due within one year		
Compensated absences payable	126,133	11,615
Net pension liability	-	286,051
Net OPEB liability	-	58,676
Capital lease payable	<u>271,710</u>	<u>-</u>
Total Noncurrent Liabilities	<u>397,843</u>	<u>356,342</u>
TOTAL LIABILITIES	<u>1,101,182</u>	<u>379,506</u>
DEFERRED INFLOWS OF RESOURCES	<u>4,567,129</u>	<u>168,957</u>
NET POSITION		
Net investment in capital assets	18,570,985	-
Restricted for:		
Capital projects	411,800	-
Special revenues	789,034	52,090
Unrestricted	<u>5,966,715</u>	<u>(115,253)</u>
TOTAL NET POSITION	<u>25,738,534</u>	<u>(63,163)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 31,406,845</u>	<u>\$ 485,300</u>

TOWNS COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	Expenditures	Program Revenues			Net (Expenditure) Revenue and Changes in Net Position	June 30, 2020 Component Unit Towns County Health Dept.
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	
PRIMARY GOVERNMENT						
Governmental Activities						
General government	\$ 1,613,696	\$ 357,823	\$ 685,775	\$ -	\$ (570,098)	
Public safety	5,708,950	763,125	390,601	-	(4,555,224)	
Court system	857,138	346,724	-	-	(510,414)	
Health and welfare	814,600	152,530	55,573	-	(606,497)	
Recreation and culture	866,873	169,897	-	-	(696,976)	
Public works	2,008,669	741,074	78,626	594,876	(594,093)	
Housing and development	505,785	96,144	-	-	(409,641)	
Interest and fees	-	32,609	-	-	32,609	
Total Primary Government	\$ 12,375,711	2,659,926	\$ 1,210,575	\$ 594,876	\$ (7,910,334)	
Component Units:						
Towns Co. Health Department	\$ 441,261	\$ 96,206	\$ 427,994	\$ -		\$ 82,939
Total Component Units	\$ 441,261	\$ 96,206	\$ 427,994	\$ -		\$ 82,939
GENERAL REVENUES:						
Taxes						
Property taxes				\$ 5,279,710	\$ -	
Sales taxes				2,487,643	-	
Other taxes				1,282,998	-	
Gain / (Loss) on disposition of capital assets				(509)		
Investment earnings				63,855	-	
Total General Revenues				9,113,697	-	
CHANGE IN NET POSITION				1,203,363	82,939	
NET POSITION, BEGINNING (ORIGINAL)				24,535,171	(162,033)	
SPECIAL ITEM: PRIOR PERIOD ADJUSTMENT				-	15,931	
NET POSITION, BEGINNING (RESTATE)				24,535,171	(146,102)	
NET POSITION, ENDING				\$ 25,738,534	\$ (63,163)	

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

TOWNS COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	General	SPLOST and Bond Construction	Other Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,114,717	\$ 199,886	\$ 798,559	\$ 7,113,162
Investments	1,543,870	-	-	1,543,870
Receivables, net of allowances	3,461,483	211,914	30,120	3,703,517
Due from other funds	28,702	-	1,386	30,088
Prepaid items	132,067	-	1,500	133,567
TOTAL ASSETS	\$ 11,280,839	\$ 411,800	\$ 831,565	\$ 12,524,204
LIABILITIES				
Accounts payable	\$ 114,598	\$ -	\$ -	\$ 114,598
Accrued liabilities	506,378	-	12,329	518,707
Due to other funds	1,386	-	28,702	30,088
Total liabilities	622,362	-	41,031	663,393
DEFERRED INFLOW OF RESOURCES	4,737,493	-	-	4,737,493
FUND BALANCE				
Non-spendable:				
Prepaid items	132,067	-	1,500	133,567
Restricted:				
Capital project funds	-	411,800	-	411,800
Special revenue funds	-	-	789,034	789,034
Unassigned:	5,788,917	-	-	5,788,917
Total fund balances	5,920,984	411,800	790,534	7,123,318
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE	\$ 11,280,839	\$ 411,800	\$ 831,565	\$ 12,524,204

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, 2020

TOTAL OF GOVERNMENTAL FUNDS		\$ 7,123,318
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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.		18,912,729
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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.		170,364
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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	(341,744)	
Compensated absences payable	<u>(126,133)</u>	
		<u>(467,877)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 25,738,534</u></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, 2020

	General	SPLOST and Bond Construction	Other Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 8,061,090	\$ 613,043	\$ 398,761	\$ 9,072,894
Licenses and permits	96,144	-	-	96,144
Fines and forfeitures	281,533	-	43,575	325,108
Charges for services	1,614,810	-	389,488	2,004,298
Interest income	62,086	55	1,714	63,855
Intergovernmental	1,195,332	-	650,449	1,845,781
Contributions and donations	20,674	-	-	20,674
Other	299,606	-	-	299,606
TOTAL REVENUES	<u>11,631,275</u>	<u>613,098</u>	<u>1,483,987</u>	<u>13,728,360</u>
EXPENDITURES				
Current Operating				
General government	1,535,786	-	-	1,535,786
Public safety	5,073,711	-	632,226	5,705,937
Court system	808,826	-	46,866	855,692
Public works	1,434,410	-	375,207	1,809,617
Health and welfare	375,561	-	371,508	747,069
Recreation and culture	566,663	-	-	566,663
Housing and development	141,133	-	363,052	504,185
Capital Outlay	-	134,718	250,774	385,492
Intergovernmental	-	73,515	-	73,515
TOTAL EXPENDITURES	<u>9,936,090</u>	<u>208,233</u>	<u>2,039,633</u>	<u>12,183,956</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,695,185</u>	<u>404,865</u>	<u>(555,646)</u>	<u>1,544,404</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(627,188)</u>	<u>-</u>	<u>627,188</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>(627,188)</u>	<u>-</u>	<u>627,188</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,067,997	404,865	71,542	1,544,404
FUND BALANCE, BEGINNING	<u>4,852,987</u>	<u>6,935</u>	<u>718,992</u>	<u>5,578,914</u>
FUND BALANCE, ENDING	<u>\$ 5,920,984</u>	<u>\$ 411,800</u>	<u>\$ 790,534</u>	<u>\$ 7,123,318</u>

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

TOWNS COUNTY, GEORGIA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,544,404

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	1,138,206	
Depreciation expense	(934,061)	
Amortization expense	(42,206)	
Gain / (Loss) on the disposition of capital assets	<u>(509)</u>	161,430

Governmental funds include the cost of principal debt reduction as an expenditure which is not included in the statement of activities (341,744)

(341,744)

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

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

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

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

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	(126,133)	
Prior year liability - compensated absences	<u>114,183</u>	<u>(11,950)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,203,363

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, 2020

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,097,881
TOTAL ASSETS	\$ 1,097,881
Deferred outflow of resources	-
LIABILITIES	
Funds held in trust	\$ 1,097,881
TOTAL LIABILITIES	\$ 1,097,881
Deferred inflow of resources	-

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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 2020, 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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

The government reports the following major governmental funds:

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

The *SPLOST and Bond Construction Fund* is the government's Special Purpose Local Option Sales Tax capital projects fund that accounts for the receipts and disbursements of (1%) sales tax currently collected from 2011 through 2017 and for the new referendum, which began in 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. While collections from the 2011 referendum were completed through 2017, residual revenues continued to be received from the Georgia Department of Revenue during the 2020 fiscal year. Collections for the 2020 referendum began in October of the current year.

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

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Assets, Liabilities, and Net Position or Equity

Deposits and Investments

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

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

Receivables and Payables

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

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

Inventory and Prepaid Items

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

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

TOWNS COUNTY, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

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, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

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.

Reclassifications

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New GASB Pronouncement

During the fiscal year ended 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 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, 2020.

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

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

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

The County utilizes the pooled method to secure its deposits.

Investments

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

As of December 31, 2020, the County maintained funds in Certificates of Deposit (CD's) of banks insured by the FDIC and that participate in the State of Georgia's Secure Deposit Program. Investment CD's are presented on both the government-wide statement of net position and government funds balance sheet in the amount of \$ 1,543,870. The CD's are nonnegotiable time deposits that mature within 1 to 2 years automatically and earn interest at a rate of 2.0% - 2.25% annually. The Certificates of Deposits are nonparticipating interest-earning investment contracts and, accordingly, are recorded at cost.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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	\$ 2,757,434	\$ -	\$ -	\$ -
Other taxes	331,337	211,914	-	-
Ambulance	262,881	-	-	-
Fines	132,536	-	-	-
Other accounts	158,561	-	30,120	72,130
Intergovernmental	5,543	-	-	-
Total Gross Receivables	<u>3,648,292</u>	<u>211,914</u>	<u>30,120</u>	<u>72,130</u>
Allowances for uncollectible	<u>(186,809)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Receivables	<u><u>\$ 3,461,483</u></u>	<u><u>\$ 211,914</u></u>	<u><u>\$ 30,120</u></u>	<u><u>\$ 72,130</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	\$ 141,852	\$ 4,567,129	\$ 4,708,981
Probation fines	<u>28,512</u>	<u>-</u>	<u>28,512</u>
Total	<u><u>\$ 170,364</u></u>	<u><u>\$ 4,567,129</u></u>	<u><u>\$ 4,737,493</u></u>

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Not being depreciated:				
Land	\$ 4,540,787	\$ -	\$ -	\$ 4,540,787
Construction in progress	262,504	132,478	-	394,982
	<u>4,803,291</u>	<u>132,478</u>	<u>-</u>	<u>4,935,769</u>
Other Capital Assets:				
Land improvements	1,430,792	-	-	1,430,792
Buildings	14,975,442	-	-	14,975,442
Equipment, general	1,833,483	702,143	112,898	2,422,728
Equipment, vehicles and heavy	4,542,498	303,585	168,100	4,677,983
Infrastructure	3,518,415	-	-	3,518,415
	<u>26,300,630</u>	<u>1,005,728</u>	<u>280,998</u>	<u>27,025,360</u>
Accumulated Depreciation				
Land improvements	470,045	82,800	-	552,845
Buildings	5,277,215	407,247	-	5,684,462
Equipment	5,619,408	271,990	280,489	5,610,909
Infrastructure	985,954	172,024	-	1,157,978
	<u>12,352,622</u>	<u>934,061</u>	<u>280,489</u>	<u>13,006,194</u>
Accumulated Amortization				
Capital leases - equipment	-	42,206	-	42,206
	<u>-</u>	<u>42,206</u>	<u>-</u>	<u>42,206</u>
Net Capital Assets	<u>\$ 18,751,299</u>	<u>\$ 161,939</u>	<u>\$ 509</u>	<u>\$ 18,912,729</u>

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

Governmental Activities

General government	\$ 25,657
Public safety	339,660
Public works	193,525
Health and welfare	66,349
Culture/recreation	308,870
Total	<u>\$ 934,061</u>

Amortization expense for the capital leases payable under the public safety department was \$ 42,206 for the year.

NOTE 5 – OBLIGATIONS

Capital Leases

During the current year, 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.

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 – OBLIGATIONS (CONTINUED)

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%. Total interest paid during the year ending December 31, 2020 was \$ 2,594.

Government-wide Activities

Description	Beginning Balance	Additions	Subtractions	Ending Balance	Amount Due Within One Year
Capital leases	\$ -	\$ 379,607	\$ 37,863	\$ 341,744	\$ 70,034

Capital lease obligations for the year end December 31, 2020 are as follows:

Governmental Activities

Capital Lease Obligations

	Principal	Interest	Total
2021	\$ 70,034	\$ 16,512	\$ 86,546
2023	73,840	12,706	86,546
2023	77,854	8,692	86,546
2024	82,089	4,458	86,547
2025	37,927	624	38,551
2026 and thereafter	-	-	-
Total	<u>\$ 341,744</u>	<u>\$ 42,992</u>	<u>\$ 384,736</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.

Government-wide Activities

Description	Beginning Balance	Additions	Subtractions	Ending Balance	Amount Due Within One Year
Compensated absences	\$ 114,183	\$ 179,209	\$ 167,259	\$ 126,133	\$ 126,133

TOWNS COUNTY, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

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

The composition of interfund balance at December 31, 2020, is as follows:

<u>Primary Government</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 28,702	\$ 1,386
Special Revenue Funds		
Child Development Center	-	14,590
Hotel-Motel Fund	-	165
E-911	-	13,947
LMIG Capital Projects	-	-
Victims Assistance	1,386	-
Totals	<u>\$ 30,088</u>	<u>\$ 30,088</u>

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

Interfund transfers as of the year ended December 31, 2020, are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Totals</u>
General Fund	\$ 50,000	\$ 677,188	\$ (627,188)
LMIG Fund	95,436	-	95,436
Emergency 911	406,252	-	406,252
Child Development Center	175,500	-	175,500
Hotel / Motel Tax Fund	-	50,000	(50,000)
Totals	<u>\$ 727,188</u>	<u>\$ 727,188</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, 2020

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, 2020 was \$ 115,785.

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 \$ 9,588 to the GMRC for the year ended December 31, 2020. *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, 2020

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 \$ 20,338 in the current year (2020).

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, 2020, 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, 2020, no significant proceedings or awards have been made against the County. In addition, as of December 31, 2020 the County is not aware of any pending or threatened litigation.

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

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

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

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

The members of ACCG-GSIWCF and ACCG-IRMA are subject to an additional liability assessment if the losses that ACCG incur and must pay exceed the assets of the pool. As of December 31, 2020, 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, 2020

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, 2020:

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, 2020. 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, 2020, the County collected of \$ 398,673 of which \$ 286,758 was required to be spent to promote tourism, conventions and trade shows. The County actually spent \$ 363,050. This was 127% of the tax receipts required to be expended for these purposes under O.C.G.A. § 48-13-51. The County complied with the requirements of this law.

Note 13 – COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact around the world resulting from the uncertainty caused. During the fiscal year for the County, additional grants were received, primarily through the CARES Act. To adapt, the Organization has developed additional policies and procedures to ease the impact of uncertainties caused by the pandemic. The full extent of the impact of COVID-19 on the County's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the County's employees and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the County's financial position and changes in fund balance is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 15, 2021, the date the financial statements were available to be issued.



REQUIRED SUPPLEMENTARY INFORMATION

TOWNS COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 7,408,100	\$ 7,408,100	\$ 8,061,090	\$ 652,990
Licenses and permits	63,750	63,750	96,144	32,394
Fines and forfeitures	260,200	260,200	281,533	21,333
Charges for services	1,596,500	1,596,500	1,614,810	18,310
Interest income	50,000	50,000	62,086	12,086
Intergovernmental	602,500	602,500	1,195,332	592,832
Contributions and donations	2,500	2,500	20,674	18,174
Other	275,600	275,600	299,606	24,006
TOTAL REVENUES	10,259,150	10,259,150	11,631,275	1,372,125
EXPENDITURES				
General Government				
General and administrative	736,450	751,450	746,035	5,415
Commissioner	137,100	137,100	112,926	24,174
Tax commissioner	301,850	271,425	255,719	15,706
Tax assessor	258,400	263,000	262,394	606
Election	136,575	167,000	158,712	8,288
Total General Government	1,570,375	1,589,975	1,535,786	54,189
Public Safety				
Regional expenditures	240,700	190,700	157,184	33,516
Sheriff	1,504,345	1,504,345	1,471,041	33,304
Jail operation	1,144,650	1,169,650	1,161,911	7,739
Fire department	786,250	786,250	759,351	26,899
Ambulance service	1,393,095	1,465,000	1,445,987	19,013
E.M.A. director	56,400	56,400	43,607	12,793
E-911 Mapping	62,950	62,950	34,630	28,320
Total Public Safety	5,188,390	5,235,295	5,073,711	161,584
Court System				
Probate/Magistrate court	257,300	257,300	232,383	24,917
Clerk of court	233,150	233,150	201,555	31,595
Court - other	285,500	270,500	225,032	45,468
District attorney	168,000	163,400	149,856	13,544
Total Court System	943,950	924,350	808,826	115,524

TOWNS COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE (CONTINUED)
 GENERAL FUND
 For the Year Ended December 31, 2020

(CONTINUED)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works				
Road department	768,400	746,495	674,340	72,155
Transfer Station/Landfill	699,675	733,000	732,153	847
Recycling	18,875	28,000	27,917	83
Total Public Works	<u>1,486,950</u>	<u>1,507,495</u>	<u>1,434,410</u>	<u>73,085</u>
Health and Welfare				
Regional expenditures	475,700	475,700	267,465	208,235
Extension service	22,000	22,000	16,186	5,814
Transportation service	103,900	103,900	91,910	11,990
Total Health and Welfare	<u>601,600</u>	<u>601,600</u>	<u>375,561</u>	<u>226,039</u>
Recreation and Culture				
Regional expenditures	260,300	226,975	221,531	5,444
Recreation department	348,400	311,550	267,628	43,922
Chatuge campground	97,600	97,600	77,504	20,096
Total Recreation and Culture	<u>706,300</u>	<u>636,125</u>	<u>566,663</u>	<u>69,462</u>
Housing and Development				
Regional expenditures	54,000	54,000	44,784	9,216
Building inspection	72,275	75,000	71,792	3,208
Planning and zoning	28,450	28,450	24,557	3,893
Total Housing and Development	<u>154,725</u>	<u>157,450</u>	<u>141,133</u>	<u>16,317</u>
TOTAL EXPENDITURES	<u>10,652,290</u>	<u>10,652,290</u>	<u>9,936,090</u>	<u>716,200</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(393,140)	(393,140)	1,695,185	
OTHER FINANCING SOURCES (USES)				
Transfers in / (out)	(438,200)	(438,200)	(627,188)	
Contingencies / Surplus reserves	831,340	831,340	-	
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>1,067,997</u>	
FUND BALANCE, BEGINNING			<u>4,852,987</u>	
FUND BALANCE, ENDING			<u>\$ 5,920,984</u>	

TOWNS COUNTY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2020

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 no departments who exceeded budgeted expenditures.



OTHER SUPPLEMENTARY INFORMATION

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 December 31, 2020

	<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>\$ 20,266</u>	<u>\$ 941,763</u>	<u>\$ 24,332</u>	<u>\$ 7,696</u>	<u>\$ 103,824</u>	<u>\$ 1,097,881</u>
TOTAL ASSETS	<u><u>\$ 20,266</u></u>	<u><u>\$ 941,763</u></u>	<u><u>\$ 24,332</u></u>	<u><u>\$ 7,696</u></u>	<u><u>\$ 103,824</u></u>	<u><u>\$ 1,097,881</u></u>
LIABILITIES						
Funds held in trust	<u>\$ 20,266</u>	<u>\$ 941,763</u>	<u>\$ 24,332</u>	<u>\$ 7,696</u>	<u>\$ 103,824</u>	<u>\$ 1,097,881</u>
TOTAL LIABILITIES	<u><u>\$ 20,266</u></u>	<u><u>\$ 941,763</u></u>	<u><u>\$ 24,332</u></u>	<u><u>\$ 7,696</u></u>	<u><u>\$ 103,824</u></u>	<u><u>\$ 1,097,881</u></u>

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
 FIDUCIARY FUNDS
 For the Year Ended December 31, 2020

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	<u>\$ 612,493</u>	<u>\$ 13,701,380</u>	<u>\$ 13,215,992</u>	<u>\$ 1,097,881</u>
TOTAL ASSETS	<u><u>\$ 612,493</u></u>	<u><u>\$ 13,701,380</u></u>	<u><u>\$ 13,215,992</u></u>	<u><u>\$ 1,097,881</u></u>
LIABILITIES				
Funds held in trust	<u>\$ 612,493</u>	<u>\$ 13,701,380</u>	<u>\$ 13,215,992</u>	<u>\$ 1,097,881</u>
TOTAL LIABILITIES	<u><u>\$ 612,493</u></u>	<u><u>\$ 13,701,380</u></u>	<u><u>\$ 13,215,992</u></u>	<u><u>\$ 1,097,881</u></u>

TOWNS COUNTY, GEORGIA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 December 31, 2020

	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	\$ 30,342	\$ 50,440	\$ 27,909	\$ 26,148	\$ 563,800	\$ -	\$ 8,273	\$ 91,647	\$ 798,559
Receivables, net	5,124	21,733	-	-	-	-	-	-	26,857
Intergovernmental receivable	3,263	-	-	-	-	-	-	-	3,263
Due from other funds	-	-	-	-	-	1,386	-	-	1,386
Prepaid Insurance	1,500	-	-	-	-	-	-	-	1,500
TOTAL ASSETS	\$ 40,229	\$ 72,173	\$ 27,909	\$ 26,148	\$ 563,800	\$ 1,386	\$ 8,273	\$ 91,647	\$ 831,565
Deferred outflow of resources	-	-	-	-	-	-	-	-	-
LIABILITIES									
Accrued liabilities	\$ 12,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,329
Due to other funds	14,590	13,947	-	-	-	-	-	165	28,702
Total liabilities	26,919	13,947	-	-	-	-	-	165	41,031
Deferred inflow of resources	-	-	-	-	-	-	-	-	-
FUND BALANCE									
Restricted:									
Special revenue funds	13,310	58,226	27,909	26,148	563,800	1,386	8,273	91,482	790,534
Total fund balances	13,310	58,226	27,909	26,148	563,800	1,386	8,273	91,482	790,534
TOTAL LIABILITIES AND FUND BALANCES	\$ 40,229	\$ 72,173	\$ 27,909	\$ 26,148	\$ 563,800	\$ 1,386	\$ 8,273	\$ 91,647	\$ 831,565

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2020

	Child Development Center	Emergency 911	Law Library	Drug Fund	LMIG	Victim's Assistance Fund	Jail Fund	Hotel / Motel Tax Fund	Total
REVENUES									
Taxes	\$ -	\$ 88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,673	\$ 398,761
Fines and forfeitures	-	-	7,272	16,702	-	9,359	10,242	-	43,575
Charges for services	152,530	236,958	-	-	-	-	-	-	389,488
Interest income	14	184	-	20	1,417	-	-	79	1,714
Intergovernmental	55,573	-	-	-	594,876	-	-	-	650,449
TOTAL REVENUES	\$ 208,117	\$ 237,230	\$ 7,272	\$ 16,722	\$ 596,293	\$ 9,359	\$ 10,242	\$ 398,752	\$ 1,483,987
EXPENDITURES									
Current Operating									
Public safety	\$ -	\$ 632,226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 632,226
Court system	-	-	7,153	22,296	-	9,357	8,060	-	46,866
Public works	-	-	-	-	375,207	-	-	-	375,207
Health and welfare	371,508	-	-	-	-	-	-	-	371,508
Housing and development	-	-	-	-	-	-	-	363,052	363,052
Capital Outlay	-	250,774	-	-	-	-	-	-	250,774
TOTAL EXPENDITURES	371,508	883,000	7,153	22,296	375,207	9,357	8,060	363,052	2,039,633
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(163,391)	(645,770)	119	(5,574)	221,086	2	2,182	35,700	(555,646)
OTHER FINANCING SOURCES (USES)									
Transfers in (out)	175,500	406,252	-	-	95,436	-	-	(50,000)	627,188
TOTAL OTHER FINANCING SOURCES	175,500	406,252	-	-	95,436	-	-	(50,000)	627,188
NET CHANGE IN FUND BALANCES	12,109	(239,518)	119	(5,574)	316,522	2	2,182	(14,300)	71,542
FUND BALANCE, BEGINNING	1,201	297,744	27,790	31,722	247,278	1,384	6,091	105,782	718,992
FUND BALANCE, ENDING	<u>\$ 13,310</u>	<u>\$ 58,226</u>	<u>\$ 27,909</u>	<u>\$ 26,148</u>	<u>\$ 563,800</u>	<u>\$ 1,386</u>	<u>\$ 8,273</u>	<u>\$ 91,482</u>	<u>\$ 790,534</u>

TOWNS COUNTY, GEORGIA
SPECIAL LOCAL OPTIONS SALES TAX 2011 SERIES
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
BUDGET AND ACTUAL - PROJECT TO DATE
From Inception Through December 31, 2020

<u>PROJECT</u>	<u>Original Project Budget</u>	<u>Revised Project Budget</u>	<u>Prior Year Project to Date</u>	<u>Current Year</u>	<u>Total</u>	<u>Percent Complete</u>
Capital Projects:						
Roads and Bridges	\$ -	\$ 964,410	\$ 964,410	\$ -	\$ 964,410	100%
Fire	1,450,000	1,025,540	1,019,801	5,739	1,025,540	100%
Park Development/Multipurpose Community Center	4,950,000	5,059,097	5,059,097	-	5,059,097	100%
Library	200,000	200,000	200,000	-	200,000	100%
Economic Development	400,000	78,685	78,685	-	78,685	100%
Water/Sewer	450,000	150,000	150,000	-	150,000	100%
Public Safety Vehicles	450,000	355,934	355,934	-	355,934	100%
Total Capital Projects:	<u>7,900,000</u>	<u>7,833,666</u>	<u>7,827,927</u>	<u>5,739</u>	<u>7,833,666</u>	<u>100%</u>
Intergovernmental:						
City of Hiawasse Allocation	1,143,000	929,124	928,459	665.50 *	929,125	100%
City of Young Harris Allocation	1,143,000	929,124	928,458	665.50 *	929,124	100%
Total Intergovernmental:	<u>2,286,000</u>	<u>1,858,248</u>	<u>1,856,917</u>	<u>1,331.00</u>	<u>1,858,248</u>	<u>100%</u>
Debt Service - Bond Issuance Costs	155,000	129,881	129,881	-	129,881	100%
Debt Service - Principal	6,200,000	6,200,000	6,200,000	-	6,200,000	100%
Debt Service - Interest	<u>557,851</u>	<u>557,999</u>	<u>557,999</u>	<u>-</u>	<u>557,999</u>	<u>100%</u>
Total	<u>\$ 17,098,851</u>	<u>\$ 16,579,794</u>	<u>\$ 16,572,724</u>	<u>\$ 7,070</u>	<u>\$ 16,579,794</u>	<u>100%</u>

* To show equitable distribution, rounding has not been included in the presentation.

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, 2020

<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	\$ 101,086	1%
Roads and Bridges	600,000	600,000	-	27,893	27,893	5%
Fire	500,000	500,000	-	-	-	0%
Parks and Recreation	140,000	140,000	-	-	-	0%
Total Capital Projects:	<u>9,840,000</u>	<u>9,840,000</u>	<u>-</u>	<u>128,979</u>	<u>128,979</u>	<u>1%</u>
Intergovernmental:						
City of Hiawasse Allocation	1,080,000	1,080,000	-	36,092	36,092	3%
City of Young Harris Allocation	1,080,000	1,080,000	-	36,092	36,092	3%
Total Intergovernmental:	<u>2,160,000</u>	<u>2,160,000</u>	<u>-</u>	<u>72,184</u>	<u>72,184</u>	<u>3%</u>
Total	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>	<u>\$ -</u>	<u>\$ 201,163</u>	<u>\$ 201,163</u>	<u>2%</u>



COMPLIANCE

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

To the County Commissioner
Towns County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of and for the year ended December 31, 2020, 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 September 15, 2021. 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
September 15, 2021

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

To the County Commissioner
Towns County, Georgia

Report on Compliance for Each Major Federal Program

We have audited Towns County, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Towns County, Georgia's major federal program for the year ended December 31, 2020. Towns County, Georgia's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Towns County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Towns County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Towns County, Georgia's compliance.

Opinion on Each Major Program

In our opinion, Towns County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Towns County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Towns County, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Towns County, Georgia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Towns County, Georgia as of and for the year ended December 31, 2020, and have issued our report thereon dated September 15, 2021 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Alexander, Almand and Bangs, LLP
Gainesville, Georgia
September 15, 2021

TOWNS COUNTY, GEORGIA
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Grantors and Pass- Through Grants' Number	CFDA Number	Amount Expended
U.S. Department of Homeland Security Assistance to Firefighters Grant Program	EMW-2018-FO-00883	97.044	\$ 307,800
U.S. Department of Homeland Security <i>Passed through the Georgia Emergency Management and Homeland Security Agency</i> Emergency Management Performance Grant	OEM20-141	97.042	18,789
U.S. Department of the Treasury <i>Passed through the Georgia Governor's Office of Planning & Budget</i> Coronavirus Relief Fund	Allocation for Towns County	20.019	497,631
U.S. Department of the Interior Payment in Lieu of Taxes	Allocation for Towns County	15.226	122,420
U.S. Department of Health and Human Services <i>Passed through the Agency of Health Resources and Services Administration</i> Provider Relief Fund	HHS-41423377701	93.498	22,065
Federal Transit Administration <i>Passed through the Georgia Department of Transportation</i> 5311 Rural Transit Assistance	T006387	20.509	23,726
GA CARES 5311 Rural Transit Assistance	T006387	20.509	<u>54,900</u>
Total Federal Transit Grants			78,626
U.S. Department of Agriculture <i>Passed through the Georgia Office of the State Treasurer</i> Secure Rural Schools and Community Self-Determination	486Forest	10.665	34,135
U.S. Department of Agriculture <i>Passed through the Georgia Bright From the Start</i> Child and Adult Care Food Program	Unknown	10.558	55,572
Total expenditures of federal awards			<u><u>\$ 1,137,038</u></u>

See the accompanying notes to the schedule of expenditures of federal awards

TOWNS COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Towns County, Georgia, (the "County") under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected position of the operations of the County, it is not intended to and does not present the financial position or changes in fund balance of Towns County, Georgia.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST

Towns County, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

TOWNS COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

SECTION I – SUMMARY OF AUDIT RESULTS:

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weakness identified? _____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:
Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not considered
To be material weaknesses? _____ Yes X None Reported

Type of auditor's report issued on compliance for
major federal programs Unmodified

Any audit findings disclosed that are required to be
Reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A
Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes X No

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT (GAGAS):

There were no findings related to the financial statement audit.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS AUDIT:

There were no findings related to the major federal programs audit.

SECTION IV – SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS:

There were no prior findings related to the major federal programs audit.