



FINANCIAL STATEMENTS
WITH SUPPLEMENTAL MATERIAL
FOR THE YEAR ENDED
DECEMBER 31, 2022



BASIC FINANCIAL STATEMENTS

TOWNS COUNTY, GEORGIA
FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

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FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

To the County Commissioner
Towns County, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Towns County, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Towns County, Georgia, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Towns County Health Department, which represents 100 percent of the asset and deferred outflows of resources, net position, and revenues of the discretely presented component unit as of December 31, 2022, and the respective changes in financial position for the year ended. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Towns County Health Department, is based solely on the report of the other auditor.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Towns County, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Towns County, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Towns County, Georgia's basic financial statements. The accompanying combining and individual fiduciary and nonmajor fund financial schedules on pages 36-39 and the schedule of projects constructed with special sales tax proceeds on page 40 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fiduciary and non-major fund financial schedules, and the schedule of projects constructed with special sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, 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.

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

Alexander, Almand & Bangs, LLP
Gainesville, Georgia
June 29, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS, December 31, 2022

As management of the Towns County, Georgia Government, we offer readers of the financial statements this narrative overview and analysis of the County's activities for the fiscal year ended December 31, 2022. This information should be read and considered in conjunction with the basic financial statement and accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

- Towns County's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 31,943,876 (net position). Of this, \$ 7,923,909 (25%) represents an unrestricted net position that may be used to meet the County's ongoing obligations.
- At the close of the fiscal year, the County's net investment in capital assets, increased \$ 220,571 or 1%. This increase is from the addition of vehicles for the public safety departments, the renovations to the courthouse and government administration building, and improvements to other facilities that were purchased or in progress during the year.
- The County's total government-wide expenditures were \$ 15,776,773, an increase of 10% above the prior fiscal year. The expenditures were primarily impacted by an increase in salaries and wages for personnel and an increase in supply costs for operations within the departments including the ability to utilize grant funding received. In addition, the County saw total government-wide revenues increase to \$ 19,343,208, an increase of 14% over the prior fiscal year. Revenues were primarily impacted by grant funds, additional contributions to departments from the community, sales tax collections, and services in the various departments such as landfill charges.
- The County's general fund grew substantially during the year with an increase of \$ 600,110 (10%) above the prior year. The County maintained an expenditure budget consistent with historical revenues. Due to this approach, the County was able to increase its cash position for improvements and services to be provided to the public.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

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

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022

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

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

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

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

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

Fund Financial Statements

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

Individual fund financial schedules (pages 36-39) provide more detailed information about the County's activities. Individual funds are established to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants.

Governmental Funds

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

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

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

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

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022

Fiduciary Funds

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

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

Notes to the Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's fiscal year 2022 began strongly with a growing state and local economy. County government revenues and expenditures for operating and capital budgets were healthy. Activities such as tourism, building and retail consumption have provided benefit to Towns County.

At the close of the fiscal year, Towns County, on a government-wide basis, increased net position by \$ 3,566,435 which is an increase of 13% from the prior year. The County also increased unrestricted net position by \$ 957,628 or 14%. The largest portion of net position (net investment in capital assets) increased slightly by 1% due to capital asset activity. At the end of the fiscal year, the County also increased restricted net position by \$ 2,388,236 or 80% from the prior year. This increase is mostly due to those amounts restricted for capital projects.

Significant receipts of cash increased from the prior year mainly from three sources: property taxes from the increased population, SPLOST, general sales taxes and those received from tourism, and charges for recreational facilities. Out of the County's revenues, 74% are concentrated to tax revenues and 13% concentrated to charges for services. The public safety, landfill collection, and recreational charges are the most significant of the services provided from the County.

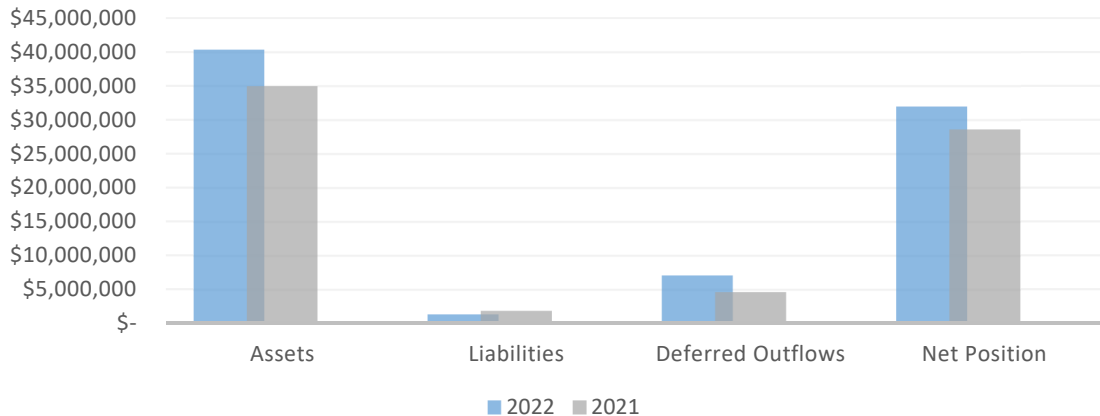
At times, certain grant funds are not recorded as revenues, even if receipt of monies has occurred. The ARPA allocation is not recorded as revenue until the County has determined projects to be fulfilled and expends the monies in accordance with the United States Treasury Regulations; therefore, they are considered unearned revenues and deferred. The ARPA allocation increased the County's liability of unearned revenues (deferred inflows of resources) by \$ 634,844. Other items effecting deferred inflows are property taxes, fines and state grants. The revenues deferred are expected to be recognized and utilized in the upcoming fiscal year. Deferred inflows decreased by \$ 180,823 for changes in the property taxes, fines and grant monies received but not earned.

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022

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

	Governmental Activities	
	2022	2021
Current assets	\$ 21,431,111	\$ 16,249,084
Capital assets	18,891,374	18,778,761
Total assets	<u>40,322,485</u>	<u>35,027,845</u>
Deferred outflow of resources	<u>-</u>	<u>-</u>
Current liabilities	1,024,126	743,786
Noncurrent liabilities	288,896	385,661
Total liabilities	<u>1,313,022</u>	<u>1,129,447</u>
Deferred inflow of resources	<u>7,065,587</u>	<u>5,520,957</u>
Net position		
Net investment in capital assets	18,657,532	18,436,961
Restricted	5,362,435	2,974,199
Unrestricted	7,923,909	6,966,281
Net position	<u>\$ 31,943,876</u>	<u>\$ 28,377,441</u>

GOVERNMENT-WIDE STATEMENT OF NET POSITION TOTALS, BY YEAR

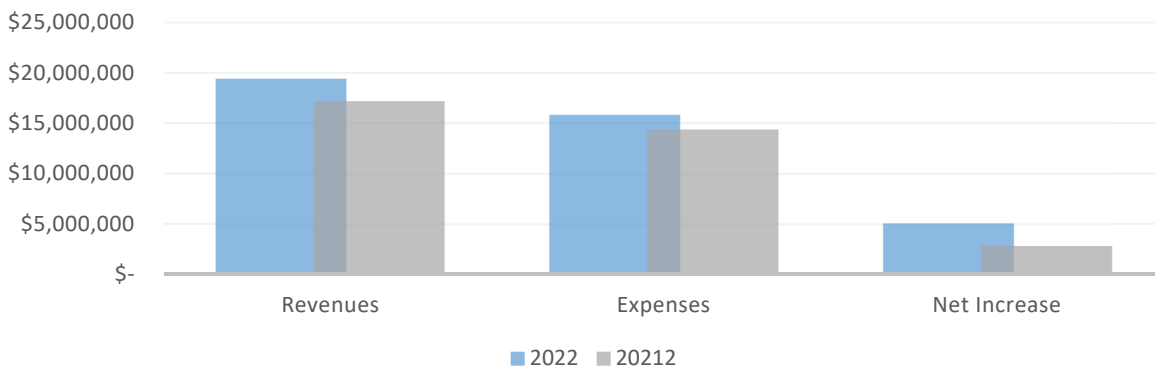


Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022

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

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 4,018,955	\$ 3,511,369
Operating grants and contributions	784,686	724,008
Capital grants and contributions	832,683	296,447
General revenues:		
Property taxes	5,041,596	4,571,318
Sales tax	5,685,756	4,981,790
Other taxes	2,967,658	2,822,062
Gain/ (loss) on disposition of capital assets	(183)	(2,108)
Unrestricted investment earnings	12,057	33,023
Total Revenues	<u>19,343,208</u>	<u>16,937,909</u>
Expenditures:		
General government	2,443,418	2,175,410
Public safety	6,595,865	5,982,524
Court system	931,319	864,128
Public works	2,716,867	2,569,191
Health and welfare	1,221,794	1,044,190
Recreation and culture	1,084,871	1,052,637
Housing and development	782,639	610,921
Total Expenditures	<u>15,776,773</u>	<u>14,299,001</u>
Increase (decrease) in net position	<u>3,566,435</u>	<u>2,638,908</u>
Change in net position	3,566,435	2,638,908
Net position, January 1	<u>28,377,441</u>	<u>25,738,533</u>
Net position, December 31	<u>\$ 31,943,876</u>	<u>\$ 28,377,441</u>

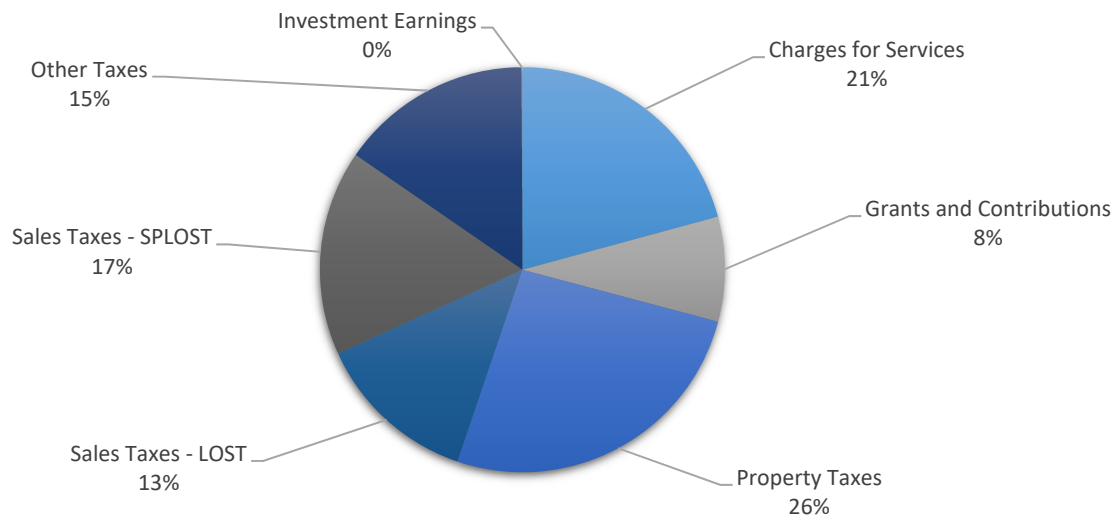
GOVERNMENT-WIDE REVENUE AND EXPENSE TOTALS, BY YEAR



Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022

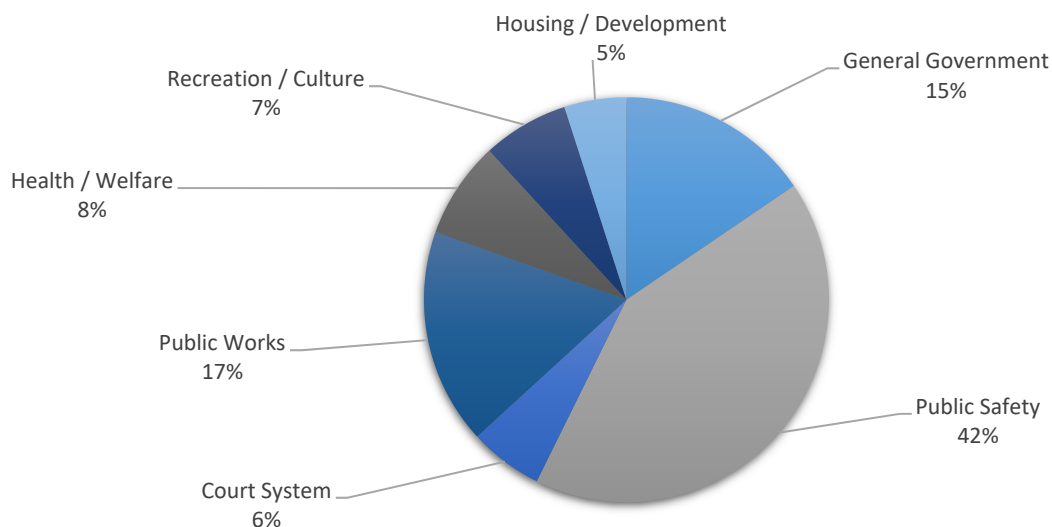
The following chart illustrates revenues of the governmental activities for the fiscal year:

**Revenues by Source - Governmental Activities for the
Year Ending December 31, 2022**



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

**Expenses by Function - Governmental Activities for the
Year Ending December 31, 2022**



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022

At the end of the fiscal year, the County's governmental funds reported a combined ending fund balance of \$ 13,050,091 with \$ 97,070 reported as non-spendable, \$ 5,361,418 reported as restricted, and the remaining \$ 7,591,603 reported as unassigned. This is an increase of \$ 2,987,329 or 30% from the prior fiscal year.

The General Fund is used to account for all governmental financial resources not restricted by local, state or federal laws. As of December 31, 2022, the General Fund had assets of \$ 14,681,578, liabilities of \$ 876,529 and deferred inflow of resources of \$ 6,117,876. During the fiscal year, there were \$ 692,088 in net transfers distributed by the general fund in the current year. The General Fund also increased its fund balance, after net transfers to other funds, by \$ 600,110 during the current fiscal year.

The final budget for the General Fund increased by \$ 1,759,169 from fiscal year 2021 to fiscal year 2022 based on final budgeted appropriations. The increase was budgeted due to additional revenues from sales taxes, grants and charges for services, which allowed for current asset purchases and planning for repairs / improvements to County facilities.

During 2020, the voters of Towns County, GA passed the 1% Special Purpose Local Option Sales Tax (SPLOST) to be imposed in Towns County for the benefit of the County and Cities of Hiawassee and Young Harris. The County expects to collect roughly \$ 12,000,000 from the sales tax. The collections are budgeted as 72% to the Courthouse, 5% to Roads, Streets and Bridges, 4% to Fire and 1% to Parks and Recreation projects. In addition, 18% has been allocated through an intergovernmental agreement that provides equal funding to the cities of Hiawassee and Young Harris for various projects. The projects for Hiawassee will include Economic Development, Roads, Streets and Bridges, Parks and Recreation, and Public Safety. The projects for Young Harris will include Roads, Streets and Bridges, and Parks and Recreation. The 2022 SPLOST fund has a \$ 4,613,171 fund balance at fiscal year-end. The fund balance is restricted by the allocations of the projects noted above. During the year, the County began its major renovations to the Courthouse whose construction is expected to be completed in several subsequent fiscal years.

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

The ARPA Fund is a new special revenue fund to the County due to the receipt of the Local Fiscal Recovery monies allocated to local governments to assist in recovery from impacts of the COVID-19 Pandemic. The County currently has cash on hand in the amount of \$ 1,337,414, and unearned revenues for the future use of the cash receipts in the amount of \$ 1,352,544 at the close of the fiscal year. The allocation allowed the County to provide payment for hazard or "premium" pay to employees for their dedication and work during the COVID-19 pandemic which was considered ongoing during the fiscal 2022 year. In addition, the County utilized funds during the fiscal year for ventilation improvements and sanitation equipment in the jail and recreational facilities that will assist in maintaining suggested health protocols for years to come.

GENERAL FUND and ARPA BUDGETARY HIGHLIGHTS

Differences between the original budget, and actual results are shown on pages 32-34. Over the course of the year, the Commissioner may revise the County's budget for reason such as: the use of carry-forwards from prior years' unreserved fund balance to fund capital projects; supplemental appropriations for unanticipated events; or to prevent budget overruns and a violation of state budget law. The County prepares monthly interim financial statements throughout the year for the Commissioner to review for action needed to amend or maintain the budget according to county budgetary policy.

At the close of the fiscal year, General Fund actual revenues of \$ 13,244,648 were more than budgeted revenues of \$ 13,062,059. The County provides for some surplus or contingency funds in the even unforeseen purchases are necessary. The county used approximately \$ 45,000 of surplus reserves for additional capital expenditures in the general fund.

The County spent \$ 11,952,449 or \$ 378,871 less than budgeted expenditures before transfers in the General Fund. Net transfers to other funds were \$ 692,088, which is less than budgeted net transfers of \$ 730,738.

In the ARPA Fund, the County's budgeted hazard pay and capital expenditures were less than budgeted by \$ 21,871. Revenues for the ARPA fund are budgeted and recognized concurrently to expenditures anticipated.

Towns County, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022

Actual expenditures being less than budgeted was achieved through continued implementation of conservative fiscal policies adopted by the Commissioner, consistent monitoring of needs by departments and reliable financial reporting provided in a timely manner.

CAPITAL ASSETS ACTIVITY

Towns County's government-wide investments in capital assets at December 31, 2022 were \$ 18,891,374. The investments include land, buildings, furniture and small equipment, roads, bridges, heavy machinery and general equipment, vehicles, and park facilities. During fiscal year 2022, the County's net investment in capital assets increased by \$ 220,809, net of depreciation. The County spent \$ 1,311,759 in capital outlay, and had adjustments for depreciation and amortization of \$ 1,981,961 and \$ 15,183,655 in accumulated depreciation and amortization for its governmental activities.

Major capital asset activities during the fiscal year were:

- Procurement of various vehicles, equipment and buildings for public safety departments.
- Improved heating and ventilation units in various departmental buildings such as the jail and recreation center.
- Improved security and monitoring systems for the jail.
- Construction in progress for the courthouse complex.
- Improvements to camping utilities at the campground.
- Waste management equipment at the landfill.

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

LONG-TERM OBLIGATIONS

As of December 31, 2022, the County had \$ 233,542 in capital leases outstanding. Two of the leases were entered into during 2020 for upgrades to the Emergency Management System. Another lease was entered into during 2021 for additional vehicles for the Sheriff's Office. There were no increases to the debt obligations during the fiscal year. The obligations are associated with public safety vehicles and radio/tower systems for the emergency services.

ECONOMIC FACTORS

During the current fiscal year, the County has experienced an increase in tourism in part to a new balance of lifestyles after the initial impacts of the COVID-19 pandemic as well as the significant efforts of the County towards tourism. The County is a recreational center with an abundance of outdoor activities, cultural experiences and an escape for peace and relaxation. The population has grown by an estimated 3.9% since 2020 (most recent estimate, U.S. Census Bureau). Residents of the County have an average household income of \$ 53,084, 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 majority of the population is estimated to be age 65 years and older at roughly 35% of the population. Females make up roughly 52% of total population.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Towns County's finances for those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County's Finance Director at 48 River St, Suite B, Hiawassee, GA 30546.

TOWNS COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2022

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	June 30, 2022 COMPONENT UNIT HEALTH DEPARTMENT
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 17,867,416	\$ 519,422
Receivables, net of allowance for uncollectable	3,466,625	78,288
Prepaid items	97,070	-
Net OPEB Asset	-	23,434
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Total Current Assets	21,431,111	621,144
	<hr/>	<hr/>
Capital Assets		
Capital assets not being depreciated:		
Land	4,540,787	-
Construction in progress	836,189	-
Capital assets being depreciated:		
Land improvements, depreciable	1,506,138	-
Buildings and improvements	15,668,624	-
Furniture and equipment	2,633,353	-
Vehicles and heavy equipment	5,371,523	-
Infrastructure	3,518,415	-
Accumulated depreciation/amortization	(15,183,655)	-
	<hr/>	<hr/>
Capital Assets, net of depreciation & amortization	18,891,374	-
	<hr/>	<hr/>
TOTAL ASSETS	40,322,485	621,144
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	-	150,600
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 40,322,485	\$ 771,744
	<hr/> <hr/>	<hr/> <hr/>

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

TOWNS COUNTY, GEORGIA
STATEMENT OF NET POSITION
December 31, 2022

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	June 30, 2022 COMPONENT UNIT HEALTH DEPARTMENT
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 329,590	\$ 26,900
Accrued liabilities	581,010	-
Compensated absences	-	35,200
Capital lease payable	113,526	-
	<u>1,024,126</u>	<u>62,100</u>
Total Current Liabilities		
Noncurrent Liabilities		
Due within one year		
Compensated absences payable	168,580	5,114
Net pension liability	-	164,519
Capital lease payable	120,316	-
	<u>288,896</u>	<u>169,633</u>
Total Noncurrent Liabilities		
TOTAL LIABILITIES	<u>1,313,022</u>	<u>231,733</u>
DEFERRED INFLOWS OF RESOURCES	<u>7,065,587</u>	<u>275,566</u>
NET POSITION		
Net investment in capital assets	18,657,532	-
Restricted for:		
Capital projects	4,613,171	-
Special revenues	749,264	-
Unrestricted	7,923,909	264,445
	<u>31,943,876</u>	<u>264,445</u>
TOTAL NET POSITION		
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 40,322,485</u></u>	<u><u>\$ 771,744</u></u>

TOWNS COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

		Program Revenues			Net (Expenditure) Revenue and Changes in Net Position	June 30, 2022
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Towns County Health Dept.
PRIMARY GOVERNMENT						
Governmental Activities						
General government	\$ 2,443,418	\$ 430,611	\$ 184,981	\$ 23,751	\$ (1,804,075)	
Public safety	6,578,833	832,064	252,180	285,624	(5,208,965)	
Court system	931,319	876,815	4,844	-	(49,660)	
Public works	2,716,867	949,000	17,762	351,777	(1,398,328)	
Health and welfare	1,221,794	369,481	313,076	-	(539,237)	
Recreation and culture	1,084,871	371,645	7,536	171,531	(534,159)	
Housing and development	782,639	124,800	4,307	-	(653,532)	
Interest and fees	17,032	64,539	-	-	47,507	
Total Primary Government	<u>\$ 15,776,773</u>	<u>4,018,955</u>	<u>\$ 784,686</u>	<u>\$ 832,683</u>	<u>\$ (10,140,449)</u>	
Component Unit:						
Towns Co. Health Department	\$ 509,614	\$ 145,222	\$ 523,082	\$ -		\$ 158,690
Total Component Unit	<u>\$ 509,614</u>	<u>\$ 145,222</u>	<u>\$ 523,082</u>	<u>\$ -</u>		<u>\$ 158,690</u>
GENERAL REVENUES:						
Taxes						
Property taxes					\$ 5,041,596	\$ -
Sales taxes					5,685,756	-
Other taxes					2,967,658	-
Gain / (Loss) on disposition of capital assets					(183)	-
Investment earnings					12,057	-
Total General Revenues					<u>13,706,884</u>	<u>-</u>
CHANGE IN NET POSITION					<u>3,566,435</u>	<u>158,690</u>
NET POSITION, BEGINNING (ORIGINAL)					28,377,441	92,265
SPECIAL ITEM: PRIOR PERIOD ADJUSTMENT					-	3,395
NET POSITION, BEGINNING (RESTATED)					<u>28,377,441</u>	<u>95,660</u>
NET POSITION, ENDING					<u>\$ 31,943,876</u>	<u>\$ 254,350</u>

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

TOWNS COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	General	SPLOST and Bond Construction	ARPA Fund	Other Non-major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 11,009,794	\$ 4,749,117	\$ 1,337,414	\$ 771,091	\$ 17,867,416
Receivables, net of allowances	3,182,211	247,919	-	36,495	3,466,625
Due from other funds	394,003	-	16,147	1,873	412,023
Prepaid items	95,570	-	-	1,500	97,070
TOTAL ASSETS	\$ 14,681,578	\$ 4,997,036	\$ 1,353,561	\$ 810,959	\$ 21,843,134
LIABILITIES					
Accounts payable	\$ 329,590	\$ -	\$ -	\$ -	\$ 329,590
Accrued liabilities	545,066	21,179	-	14,765	581,010
Due to other funds	1,873	362,686	-	47,464	412,023
Total liabilities	876,529	383,865	-	62,229	1,322,623
DEFERRED INFLOW OF RESOURCES	6,117,876	-	1,352,544	-	7,470,420
FUND BALANCE					
Non-spendable:					
Prepaid items	95,570	-	-	1,500	97,070
Restricted:					
Capital project funds	-	4,613,171	-	-	4,613,171
Special revenue funds	-	-	1,017	747,230	748,247
Unassigned:	7,591,603	-	-	-	7,591,603
Total fund balances	7,687,173	4,613,171	1,017	748,730	13,050,091
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE	\$ 14,681,578	\$ 4,997,036	\$ 1,353,561	\$ 810,959	\$ 21,843,134

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, 2022

TOTAL OF GOVERNMENTAL FUNDS	\$ 13,050,091
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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.	18,891,374
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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.	404,833
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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	(233,842)	
Compensated absences payable	<u>(168,580)</u>	
		<u>(402,422)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 31,943,876</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, 2022

	General	SPLOST and Bond Construction	ARPA Fund	Other Non-major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 9,729,723	\$ 3,167,419	-	\$ 799,576	\$ 13,696,718
Licenses and permits	124,800	-	-	-	124,800
Fines and forfeitures	328,111	-	-	61,115	389,226
Charges for services	2,102,573	-	-	539,445	2,642,018
Interest income	11,654	4,476	659	403	17,192
Intergovernmental	371,075	-	534,179	615,825	1,521,079
Contributions and donations	130,887	-	-	-	130,887
Other	445,825	-	-	-	445,825
TOTAL REVENUES	13,244,648	3,171,895	534,838	2,016,364	18,967,745
EXPENDITURES					
Current Operating					
General government	1,906,361	-	34,405	-	1,940,766
Public safety	5,671,040	-	291,095	794,408	6,756,543
Court system	880,384	-	4,844	44,894	930,122
Public works	1,996,166	-	17,762	524,809	2,538,737
Health and welfare	488,972	-	2,691	676,078	1,167,741
Recreation and culture	773,418	-	179,067	-	952,485
Housing and development	236,109	-	4,307	541,568	781,984
Capital Outlay	-	393,414	-	-	393,414
Intergovernmental	-	518,624	-	-	518,624
TOTAL EXPENDITURES	11,952,450	912,038	534,171	2,581,757	15,980,416
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	1,292,198	2,259,857	667	(565,393)	2,987,329
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(692,088)	-	-	692,088	-
TOTAL OTHER FINANCING SOURCES	(692,088)	-	-	692,088	-
NET CHANGE IN FUND BALANCES	600,110	2,259,857	667	126,695	2,987,329
FUND BALANCE, BEGINNING	7,087,063	2,353,314	350	622,035	10,062,762
FUND BALANCE, ENDING	\$ 7,687,173	\$ 4,613,171	1,017	\$ 748,730	\$ 13,050,091

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, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,987,329

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	1,311,759	
Depreciation expense	(1,123,100)	
Amortization expense	(75,861)	
Gain / (Loss) on the disposition of capital assets	<u>(183)</u>	
		112,615

Governmental funds include the cost of principal debt reduction as an expenditure which is not included in the statement of activities	<u>107,958</u>	
		107,958

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

Property Taxes	(24,806)	
Fines	<u>429,639</u>	
		404,833

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

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

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	(168,580)	
Prior year liability - compensated absences	<u>151,819</u>	
		<u>(16,761)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,566,435</u></u>
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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, 2022

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 784,467</u>
TOTAL ASSETS	<u><u>\$ 784,467</u></u>
Deferred outflow of resources	<u>-</u>
LIABILITIES	
Funds held in trust	<u>\$ 784,467</u>
TOTAL LIABILITIES	<u><u>\$ 784,467</u></u>
Deferred inflow of resources	<u>-</u>

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 represent 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 2022, the County supplemented the Health Department’s budget in the amount of \$ 149,500. 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, 2022

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

The government reports the following major governmental funds:

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

The *SPLOST and Bond Construction Fund* is the government's Special Purpose Local Option Sales Tax capital projects fund that accounts for the receipts and disbursements of (1%) sales tax currently collected for the referendum beginning during fiscal year 2020. The primary revenue source is sales tax and the primary expenditures for the County, are specified capital projects including parks and recreation improvements as well as acquisitions, road and bridge improvements, water and sewer improvements, fire department vehicles, fire hydrants and equipment, construction and improvements to the public library, ambulances and other public safety vehicles and equipment, industrial and economic development, improvements and acquisitions.

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

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

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

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

Additionally, the government reports *custodial* or *agency funds*. Agency funds are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This type of 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 by banks insured by FDIC. Investments are recorded at fair value based on quoted market price 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, 2022

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

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

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expense). 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, 2022

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

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

Long-Term Obligations

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

Management Estimates

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

Fund Equity

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

Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise of 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/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 balances that consists of the residual amount when the balances do not meet any of the above criterion. Only positive unassigned fund balances are reported in the General Fund. Negative fund balances may be reported in other governmental funds.

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

Reclassifications

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

Implementation of New GASB Pronouncement

During prior fiscal years, the County implemented GASB Statement No. 87, *Leases*, effective for period beginning after June 15, 2021. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. There was no material effect on the County's financial statements with this implementation. More details about the County's capital leases can be found in Note 5.

The County has two leases that are not considered a capital lease under the new GASB Statement. They have a lease with the Georgia Mountain Fair Ground that is treated as an easement and a lease with the Chatague Campground which has a variable payment based on the revenue the resort brings in during the month. There is no reasonable way to calculate future payments.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be available or returned to it. The government's policy for custodial credit risk is to obtain collateral from financial institutions in accordance with state law. The government's bank balances were fully insured or collateralized as of December 31, 2022.

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

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

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

The County utilizes the pooled method to secure its deposits.

Investments

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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	\$ 2,145,281	\$ -	\$ -	\$ -
Other taxes	206,055	247,919	-	-
Ambulance	312,571	-	-	-
Fines	2,709,095	-	-	-
Other accounts	187,098	-	31,448	78,288
Intergovernmental	-	-	5,047	-
Total Gross Receivables	5,560,100	247,919	36,495	78,288
Allowances for uncollectible	(2,377,889)	-	-	-
Total Net Receivables	<u>\$ 3,182,211</u>	<u>\$ 247,919</u>	<u>\$ 36,495</u>	<u>\$ 78,288</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	\$ (24,806)	\$ 5,531,165	\$ 5,506,359
Probation fines	429,639	-	429,639
Grants	-	1,534,422	1,534,422
Total	<u>\$ 404,833</u>	<u>\$ 7,065,587</u>	<u>\$ 7,470,420</u>

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Not being depreciated:				
Land	\$ 4,540,787	\$ -	\$ -	\$ 4,540,787
Construction in progress	415,136	421,053	-	836,189
	<u>4,955,923</u>	<u>421,053</u>	<u>-</u>	<u>5,376,976</u>
Other Capital Assets:				
Land improvements	1,485,656	20,482	-	1,506,138
Buildings	15,292,006	376,618	-	15,668,624
Equipment, general	2,492,510	140,843	-	2,633,353
Equipment, vehicles and heavy	5,068,760	352,763	50,000	5,371,523
Infrastructure	3,518,415	-	-	3,518,415
	<u>27,857,347</u>	<u>890,706</u>	<u>50,000</u>	<u>28,698,053</u>
Accumulated Depreciation:				
Land improvements	648,433	87,306	-	735,739
Buildings	6,088,599	425,786	-	6,514,385
Equipment (all)	5,855,976	437,984	49,817	6,244,143
Infrastructure	1,323,436	172,024	-	1,495,460
	<u>13,916,444</u>	<u>1,123,100</u>	<u>49,817</u>	<u>14,989,727</u>
Accumulated Amortization				
Capital leases - equipment	118,067	75,861	-	193,928
	<u>118,067</u>	<u>75,861</u>	<u>-</u>	<u>193,928</u>
Net Capital Assets	<u>\$ 18,778,759</u>	<u>\$ 112,798</u>	<u>\$ 183</u>	<u>\$ 18,891,374</u>

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

Governmental Activities:

General government	\$ 30,238
Public safety	449,357
Public works	253,083
Health and welfare	68,182
Culture/recreation	322,240
Total	<u>\$ 1,123,100</u>

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

Net investment in capital assets includes total assets of \$ 18,981,374 reduced by outstanding obligations of \$ 233,842. Total net investment of the year ending December 31, 2022 was \$ 18,657,532.

NOTE 5 – OBLIGATIONS

Financing leases

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

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 – OBLIGATIONS (CONT'D)

Financing Leases (cont'd)

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

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

Total interest paid during the year ending December 31, 2022 was \$ 17,032.

Description	Beginning Balance	Additions	Subtractions	Ending Balance	Amount Due Within One Year
Capital leases	\$ 341,500	\$ -	\$ 107,958	\$ 233,542	\$ 113,526

Capital lease obligations for the year end December 31, 2022 are as follows:

Governmental Activities	Capital Lease Obligations		
	Principal	Interest	Total
2023	113,526	10,919	124,445
2024	82,089	4,458	86,547
2025	37,927	624	38,551
2026 and thereafter	-	-	-
Total	<u>\$ 233,542</u>	<u>\$ 16,001</u>	<u>\$ 249,543</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					Amount
Description	Beginning Balance	Additions	Subtractions	Ending Balance	Due Within One Year
Compensated absences	\$ 151,819	\$ 202,866	\$ 186,105	\$ 168,580	\$ 168,580

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

The composition of interfund balance at December 31, 2022, is as follows:

Receivable Fund	Payable Fund			Total
	General Fund	SPLOST Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 362,686	\$ 31,317	\$ 394,003
Nonmajor Governmental Funds	1,873	-	-	1,873
Totals	<u>\$ 1,873</u>	<u>\$ 362,686</u>	<u>\$ 31,317</u>	<u>\$ 395,876</u>

Interfund balances generally result from the following activities:

- the time lag between the dates that interfund goods 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, 2022, are as follows:

Transfers In	Transfers Out			Total
	General Fund	ARPA Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 75,000	\$ 75,000
Nonmajor Governmental Funds	767,088	16,148	-	783,236
Totals	<u>\$ 767,088</u>	<u>\$ 16,148</u>	<u>\$ 75,000</u>	<u>\$ 858,236</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):

Fund/Component Unit	Paid From	Paid To	Totals
General Fund	\$ 149,500	\$ -	\$ 149,500
Towns County Health Department	-	149,500	(149,500)
Totals	<u>\$ 149,500</u>	<u>\$ 149,500</u>	<u>\$ -</u>

TOWNS COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022 was \$ 149,483.

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: 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 \$ 11,350 to the GMRC for the year ended December 31, 2022. *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, 2022

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 \$ 21,660 in the current year (2022).

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, 2022, 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, 2022, no significant proceedings or awards have been made against the County. In addition, as of December 31, 2022 the County is has pending litigation regarding a property dispute that was filed subsequent to the date of the financial statements. The pending litigation will be defended by the County's legal counsel and is not expected to have a significant impact.

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

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

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

As members, the County is obligated to pay all contributions and assessments to cooperate with the agents and attorneys of the fund and agency, to follow loss reduction procedures established, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents that could require the fund or agency to pay any type of loss. The County is also to allow all of 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, 2022, 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, 2022

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, 2022:

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, 2022. 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, 2022, the County collected of \$ 799,576 of which \$ 479,746 was required to be spent to promote tourism, conventions, and trade shows. The County actually spent \$ 541,568. This was greater than the required to be expended for these purposes under O.C.G.A. § 48-13-51. The County complied with the requirements of this law.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 29, 2023, 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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 8,760,000	\$ 9,421,242	\$ 9,729,723	\$ 308,481
Licenses and permits	128,500	158,300	124,800	(33,500)
Fines and forfeitures	251,450	328,400	328,111	(289)
Charges for services	1,653,150	2,084,797	2,102,573	17,776
Interest income	35,000	12,000	11,654	(346)
Intergovernmental	399,000	627,001	371,075	(255,926)
Contributions and donations	-	50,302	130,887	80,585
Other	102,500	380,017	445,825	65,808
TOTAL REVENUES	11,329,600	13,062,059	13,244,648	182,589
EXPENDITURES				
General Government				
General and administrative	919,150	997,650	996,242	1,408
Commissioner	154,800	142,300	139,868	2,432
Tax commissioner	327,050	312,050	310,455	1,595
Tax assessor	290,600	306,100	303,489	2,611
Election	169,650	158,150	156,307	1,843
Total General Government	1,861,250	1,916,250	1,906,361	9,889
Public Safety				
Regional expenditures	317,975	218,931	207,820	11,111
Sheriff	1,726,620	1,790,120	1,763,753	26,367
Jail operation	1,317,100	1,457,600	1,454,723	2,877
Fire department	502,650	547,650	544,525	3,125
Ambulance service	1,307,245	1,612,445	1,611,236	1,209
E.M.A. director	55,200	51,200	49,593	1,607
E-911 Mapping	72,950	40,450	39,390	1,060
Total Public Safety	5,299,740	5,718,396	5,671,040	47,356
Court System				
Probate/Magistrate court	313,300	280,300	278,192	2,108
Clerk of court	251,450	233,450	228,951	4,499
Court - other	307,000	270,000	267,810	2,190
District attorney	170,700	106,700	105,431	1,269
Total Court System	1,042,450	890,450	880,384	10,066

TOWNS COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
For the Year Ended December 31, 2022

(CONTINUED)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works				
Road department	821,900	837,900	834,638	3,262
Transfer Station/Landfill	942,825	1,225,325	1,130,026	95,299
Recycling	33,675	32,675	31,502	1,173
Total Public Works	<u>1,798,400</u>	<u>2,095,900</u>	<u>1,996,166</u>	<u>99,734</u>
Health and Welfare				
Regional expenditures	507,500	534,500	337,458	197,042
Extension service	22,000	19,000	17,791	1,209
Transportation service	103,900	136,400	133,723	2,677
Total Health and Welfare	<u>633,400</u>	<u>689,900</u>	<u>488,972</u>	<u>200,928</u>
Recreation and Culture				
Regional expenditures	340,300	310,300	307,887	2,413
Recreation department	360,050	345,550	342,934	2,616
Chatuge campground	107,725	123,725	122,597	1,128
Total Recreation and Culture	<u>808,075</u>	<u>779,575</u>	<u>773,418</u>	<u>6,157</u>
Housing and Development				
Regional expenditures	54,000	54,000	52,747	1,253
Building inspection	104,200	155,700	153,959	1,741
Planning and zoning	32,650	31,150	29,403	1,747
Total Housing and Development	<u>190,850</u>	<u>240,850</u>	<u>236,109</u>	<u>4,741</u>
TOTAL EXPENDITURES	<u>11,634,165</u>	<u>12,331,321</u>	<u>11,952,449</u>	<u>378,871</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(304,565)	730,738	1,292,199	
OTHER FINANCING SOURCES (USES)				
Transfers in / (out)	(475,000)	(480,000)	(692,088)	
Contingencies / Surplus reserves	<u>779,565</u>	<u>(250,738)</u>	<u>-</u>	
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>600,111</u>	
			<u>7,087,063</u>	
			<u>\$ 7,687,174</u>	

TOWNS COUNTY, GEORGIA
AMERICAN RESCUE PLAN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the year ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 556,042	\$ 556,042	\$ 534,179	\$ 21,863
Interest income	-	-	659	(659)
TOTAL REVENUES	556,042	556,042	534,838	21,204
EXPENDITURES				
General government	40,000	40,000	34,405	5,595
Public safety	303,253	303,253	291,095	12,158
Court system	7,000	7,000	4,844	2,156
Public works	18,000	18,000	17,762	238
Health and welfare	3,000	3,000	2,691	309
Recreation and culture	179,789	179,789	179,067	722
Housing and development	5,000	5,000	4,307	693
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	556,042	556,042	534,171	21,871
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	667	(667)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	667	
FUND BALANCE, BEGINNING			350	
FUND BALANCE, ENDING			\$ 1,017	

TOWNS COUNTY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2022

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 no department exceeded budgeted expenditures.

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 December 31, 2022

	<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>\$ 81,284</u>	<u>\$ 518,335</u>	<u>\$ 29,235</u>	<u>\$ 13,847</u>	<u>\$ 141,766</u>	<u>\$ 784,467</u>
TOTAL ASSETS	<u><u>\$ 81,284</u></u>	<u><u>\$ 518,335</u></u>	<u><u>\$ 29,235</u></u>	<u><u>\$ 13,847</u></u>	<u><u>\$ 141,766</u></u>	<u><u>\$ 784,467</u></u>
LIABILITIES						
Funds held in trust	<u>\$ 81,284</u>	<u>\$ 518,335</u>	<u>\$ 29,235</u>	<u>\$ 13,847</u>	<u>\$ 141,766</u>	<u>\$ 784,467</u>
TOTAL LIABILITIES	<u><u>\$ 81,284</u></u>	<u><u>\$ 518,335</u></u>	<u><u>\$ 29,235</u></u>	<u><u>\$ 13,847</u></u>	<u><u>\$ 141,766</u></u>	<u><u>\$ 784,467</u></u>

TOWNS COUNTY, GEORGIA
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
 FIDUCIARY FUNDS
 For the Year Ended December 31, 2022

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	<u>\$ 1,023,155</u>	<u>\$ 17,492,043</u>	<u>\$ 17,730,731</u>	<u>\$ 784,467</u>
TOTAL ASSETS	<u><u>\$ 1,023,155</u></u>	<u><u>\$ 17,492,043</u></u>	<u><u>\$ 17,730,731</u></u>	<u><u>\$ 784,467</u></u>
LIABILITIES				
Funds held in trust	<u>\$ 1,023,155</u>	<u>\$ 17,492,043</u>	<u>\$ 17,730,731</u>	<u>\$ 784,467</u>
TOTAL LIABILITIES	<u><u>\$ 1,023,155</u></u>	<u><u>\$ 17,492,043</u></u>	<u><u>\$ 17,730,731</u></u>	<u><u>\$ 784,467</u></u>

TOWNS COUNTY, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2022

	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	\$ 121,610	\$ 52,267	\$ 21,593	\$ 37,931	\$ 78,280	\$ -	\$ 20,073	\$ 439,337	\$ 771,091
Receivables, net	7,093	24,355	-	-	-	-	-	-	31,448
Intergovernmental receivable	5,047	-	-	-	-	-	-	-	5,047
Due from other funds	-	-	-	-	-	1,386	-	487	1,873
Prepaid Insurance	1,500	-	-	-	-	-	-	-	1,500
TOTAL ASSETS	\$ 135,250	\$ 76,622	\$ 21,593	\$ 37,931	\$ 78,280	\$ 1,386	\$ 20,073	\$ 439,824	\$ 810,959
Deferred outflow of resources	-	-	-	-	-	-	-	-	-
LIABILITIES									
Accrued liabilities	\$ 14,765	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,765
Due to other funds	26,738	20,726	-	-	-	-	-	-	47,464
Total liabilities	41,503	20,726	-	-	-	-	-	-	62,229
Deferred inflow of resources	-	-	-	-	-	-	-	-	-
FUND BALANCE									
Restricted:									
Special revenue funds	93,747	55,896	21,593	37,931	78,280	1,386	20,073	439,824	748,730
Total fund balances	93,747	55,896	21,593	37,931	78,280	1,386	20,073	439,824	748,730
TOTAL LIABILITIES AND FUND BALANCES	\$ 135,250	\$ 76,622	\$ 21,593	\$ 37,931	\$ 78,280	\$ 1,386	\$ 20,073	\$ 439,824	\$ 810,959

TOWNS COUNTY, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	Child Development Center	Emergency 911	Law Library	Drug Fund	LMIG	Victim's Assistance Fund	Jail Fund	Hotel / Motel Tax Fund	Total
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 799,576	\$ 799,576
Fines and forfeitures	-	-	7,006	27,278	-	11,524	15,307	-	61,115
Charges for services	253,040	286,405	-	-	-	-	-	-	539,445
Interest income	-	29	-	4	172	-	3	195	403
Intergovernmental	310,385	-	-	-	305,440	-	-	-	615,825
TOTAL REVENUES	<u>\$ 563,425</u>	<u>\$ 286,434</u>	<u>\$ 7,006</u>	<u>\$ 27,282</u>	<u>\$ 305,612</u>	<u>\$ 11,524</u>	<u>\$ 15,310</u>	<u>\$ 799,771</u>	<u>\$ 2,016,364</u>
EXPENDITURES									
Current Operating									
Public safety	\$ -	\$ 794,408	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 794,408
Court system	-	-	13,616	13,228	-	11,524	6,526	-	44,894
Public works	-	-	-	-	524,809	-	-	-	524,809
Health and welfare	676,078	-	-	-	-	-	-	-	676,078
Housing and development	-	-	-	-	-	-	-	541,568	541,568
TOTAL EXPENDITURES	<u>676,078</u>	<u>794,408</u>	<u>13,616</u>	<u>13,228</u>	<u>524,809</u>	<u>11,524</u>	<u>6,526</u>	<u>541,568</u>	<u>2,581,757</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(112,653)</u>	<u>(507,974)</u>	<u>(6,610)</u>	<u>14,054</u>	<u>(219,197)</u>	<u>-</u>	<u>8,784</u>	<u>258,203</u>	<u>(565,393)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in (out)	<u>195,000</u>	<u>480,456</u>	<u>-</u>	<u>-</u>	<u>91,632</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>	<u>692,088</u>
TOTAL OTHER FINANCING SOURCES	<u>195,000</u>	<u>480,456</u>	<u>-</u>	<u>-</u>	<u>91,632</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>	<u>692,088</u>
NET CHANGE IN FUND BALANCES	82,347	(27,518)	(6,610)	14,054	(127,565)	-	8,784	183,203	126,695
FUND BALANCE, BEGINNING	<u>11,400</u>	<u>83,414</u>	<u>28,203</u>	<u>23,877</u>	<u>205,845</u>	<u>1,386</u>	<u>11,289</u>	<u>256,621</u>	<u>622,035</u>
FUND BALANCE, ENDING	<u>\$ 93,747</u>	<u>\$ 55,896</u>	<u>\$ 21,593</u>	<u>\$ 37,931</u>	<u>\$ 78,280</u>	<u>\$ 1,386</u>	<u>\$ 20,073</u>	<u>\$ 439,824</u>	<u>\$ 748,730</u>



OTHER SUPPLEMENTARY INFORMATION

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, 2022

<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	\$ 258,726	\$ 365,150	\$ 623,876	7%
Roads and Bridges	600,000	600,000	247,125	-	247,125	41%
Fire	500,000	500,000	30,000	-	30,000	6%
Parks and Recreation	140,000	140,000	-	28,264	28,264	20%
Total Capital Projects:	9,840,000	9,840,000	535,851	393,414	929,265	9%
Intergovernmental:						
City of Hiawassee Allocation	1,080,000	1,080,000	291,540	259,312	550,852	51%
City of Young Harris Allocation	1,080,000	1,080,000	291,540	259,312	550,852	51%
Total Intergovernmental:	2,160,000	2,160,000	583,079	518,624	1,101,703	51%
Total	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>	<u>\$ 1,118,930</u>	<u>\$ 912,038</u>	<u>\$ 2,030,968</u>	<u>17%</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 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, 2022, and the related notes to the financial statements, which collectively comprise Towns County, Georgia basic financial statements, and have issued our report thereon dated June 29, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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". The signature is written in a cursive, flowing style.

Alexander, Almand & Bangs, LLP
Gainesville, Georgia
June 29, 2023