

**TALBOT COUNTY, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**

## **INTRODUCTORY SECTION**

# TALBOT COUNTY, GEORGIA

## FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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# TALBOT COUNTY, GEORGIA

## FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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**Board of Commissioners  
of Talbot County, Georgia  
Talbotton, Georgia**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Talbot County, Georgia** (the "County") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Talbot County Department of Public Health, which represent 42%, 39%, and 93%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Talbot County Department of Public Health, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison information for the General Fund and the Transportation Investment Act ("TIA") Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales proceeds, as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2022, on our consideration of the County'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 the County'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 Talbot County, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
June 15, 2022



## **BASIC FINANCIAL STATEMENTS**

# TALBOT COUNTY, GEORGIA

## STATEMENT OF NET POSITION JUNE 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Department of Public Health	Development Authority
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,335,467	\$ 102,164	\$ 11,437,631	\$ 320,565	\$ 304,740
Receivables, net of allowances:					
Taxes receivable	590,910	-	590,910	-	-
Accounts receivable	133,262	158,237	291,499	5,800	-
Due from other governments	218,428	-	218,428	-	-
Internal balances	58,948	(58,948)	-	-	-
Inventories	-	10,954	10,954	-	-
Restricted cash	-	133,568	133,568	-	-
Prepaid items	106,137	-	106,137	-	-
Capital assets, non-depreciable	1,315,974	19,600	1,335,574	-	123,336
Capital assets, depreciable, net of accumulated depreciation	4,686,877	1,940,759	6,627,636	4,348	31,681
Total assets	18,446,003	2,306,334	20,752,337	330,713	459,757
<b>LIABILITIES</b>					
Accounts payable	152,507	24,606	177,113	341	-
Accrued liabilities	38,006	5,171	43,177	-	-
Customer deposits	-	177,646	177,646	-	-
Unearned revenue	638,161	-	638,161	-	-
Due to other governments	-	887,974	887,974	-	-
Due within one year:					
Capital leases	137,186	7,119	144,305	-	-
Compensated absences	8,430	1,981	10,411	-	-
Revenue bonds payable	-	62,437	62,437	-	-
Notes payable	12,272	-	12,272	-	-
Due in more than one year:					
Capital leases	688,236	7,012	695,248	-	-
Compensated absences	19,670	4,621	24,291	-	-
Revenue bonds payable	-	1,296,875	1,296,875	-	-
Landfill post-closure costs	495,305	-	495,305	-	-
Total liabilities	2,189,773	2,475,442	4,665,215	341	-

# TALBOT COUNTY, GEORGIA

## STATEMENT OF NET POSITION JUNE 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Department of Public Health	Development Authority
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension and OPEB	\$ -	\$ -	\$ -	\$ 37,807	\$ -
Total deferred inflows of resources	-	-	-	37,807	-
<b>NET POSITION</b>					
Net investment in capital assets	5,165,157	586,916	5,752,073	4,348	155,017
Restricted for:					
Judicial	27,161	-	27,161	-	-
Public safety	88,800	-	88,800	-	-
Public works	1,405,542	-	1,405,542	-	-
Capital projects	1,935,097	-	1,935,097	-	-
Other purposes	-	-	-	44,653	-
Unrestricted	7,634,473	(756,024)	6,878,449	243,564	304,740
Total net position	<u>\$ 16,256,230</u>	<u>\$ (169,108)</u>	<u>\$ 16,087,122</u>	<u>\$ 292,565</u>	<u>\$ 459,757</u>

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

# TALBOT COUNTY, GEORGIA

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 1,966,925	\$ 47,921	\$ 312,027	\$ -
Judicial	427,539	282,756	-	-
Public safety	2,153,028	414,652	276,860	-
Public works	2,179,462	498,982	-	660,016
Health and welfare	536,958	9,623	104,834	-
Culture and recreation	39,177	-	-	-
Planning and community development	124,147	-	-	-
Interest on long-term debt	22,098	-	-	-
Total governmental activities	<u>7,449,334</u>	<u>1,253,934</u>	<u>693,721</u>	<u>660,016</u>
Business-type activities:				
Water system	1,062,432	1,052,829	-	-
Total business-type activities	<u>1,062,432</u>	<u>1,052,829</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 8,511,766</u>	<u>\$ 2,306,763</u>	<u>\$ 693,721</u>	<u>\$ 660,016</u>
<b>Component units</b>				
Department of Public Health	\$ 186,388	\$ 44,653	\$ 259,293	\$ -
Development Authority	15,951	-	21,040	-
Total component units	<u>\$ 202,339</u>	<u>\$ 44,653</u>	<u>\$ 280,333</u>	<u>\$ -</u>

General revenues:

Property taxes

Sales taxes

Insurance premiums

Motor vehicle and mobile home

Other taxes

Interest revenue

Total general revenues

Change in net position

Net position (deficit), beginning of year

Net position (deficit), end of year

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

<b>Net (Expenses) Revenues and Changes in Net Position</b>				
<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Department of Public Health</b>	<b>Development Authority</b>
\$ (1,606,977)	\$ -	\$ (1,606,977)	\$ -	\$ -
(144,783)	-	(144,783)	-	-
(1,461,516)	-	(1,461,516)	-	-
(1,020,464)	-	(1,020,464)	-	-
(422,501)	-	(422,501)	-	-
(39,177)	-	(39,177)	-	-
(124,147)	-	(124,147)	-	-
(22,098)	-	(22,098)	-	-
(4,841,663)	-	(4,841,663)	-	-
-	(9,603)	(9,603)	-	-
-	(9,603)	(9,603)	-	-
(4,841,663)	(9,603)	(4,851,266)	-	-
-	-	-	117,558	-
-	-	-	-	5,089
-	-	-	117,558	5,089
3,509,822	-	3,509,822	-	-
1,656,267	-	1,656,267	-	-
376,797	-	376,797	-	-
416,694	-	416,694	-	-
193,418	-	193,418	-	-
20,925	81	21,006	-	473
6,173,923	81	6,174,004	-	473
1,332,260	(9,522)	1,322,738	117,558	5,562
14,923,970	(159,586)	14,764,384	175,007	454,195
\$ 16,256,230	\$ (169,108)	\$ 16,087,122	\$ 292,565	\$ 459,757

# TALBOT COUNTY, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2021

	General Fund	TIA Fund	SPLOST Fund	ARPA Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,443,888	\$ 1,349,843	\$ 1,824,122	\$ 601,653
Receivables, net:				
Taxes receivable	386,858	55,699	148,353	-
Accounts receivable	133,262	-	-	-
Due from other governments	218,428	-	-	-
Due from other funds	58,948	-	-	-
Prepaid items	106,137	-	-	-
Total assets	<u>\$ 8,347,521</u>	<u>\$ 1,405,542</u>	<u>\$ 1,972,475</u>	<u>\$ 601,653</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 115,129	\$ -	\$ 37,378	\$ -
Accrued liabilities	38,006	-	-	-
Unearned revenues	36,508	-	-	601,653
Total liabilities	<u>189,643</u>	<u>-</u>	<u>37,378</u>	<u>601,653</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	238,385	-	-	-
Unavailable revenue - EMS	104,704	-	-	-
Total deferred inflows of resources	<u>343,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Fund balances				
Non-spendable for:				
Prepaid items	106,137	-	-	-
Restricted for:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	1,405,542	-	-
Capital projects	-	-	1,935,097	-
Unassigned	7,708,652	-	-	-
Total fund balances	<u>7,814,789</u>	<u>1,405,542</u>	<u>1,935,097</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,347,521</u>	<u>\$ 1,405,542</u>	<u>\$ 1,972,475</u>	<u>\$ 601,653</u>

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

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

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Capital leases payable

Compensated absences payable

Notes payable

Landfill post-closure costs

Net position of governmental activities

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

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 115,961	\$ 11,335,467
-	590,910
-	133,262
-	218,428
-	58,948
-	106,137
<u>\$ 115,961</u>	<u>\$ 12,443,152</u>

\$ -	\$ 152,507
-	38,006
-	638,161
-	828,674
-	238,385
-	104,704
-	343,089

-	106,137
27,161	27,161
88,800	88,800
-	1,405,542
-	1,935,097
-	7,708,652
<u>115,961</u>	<u>11,271,389</u>
<u>\$ 115,961</u>	

	6,002,851
	343,089
\$ (825,422)	
(28,100)	
(12,272)	
<u>(495,305)</u>	<u>(1,361,099)</u>
	<u>\$ 16,256,230</u>

# TALBOT COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	TIA Fund	SPLOST Fund	ARPA Fund
<b>Revenues</b>				
Property taxes	\$ 3,539,981	\$ -	\$ -	\$ -
Sales tax	360,443	660,988	634,836	-
Insurance premium	376,797	-	-	-
Motor vehicle and mobile home tax	416,694	-	-	-
Other taxes	193,418	-	-	-
Licenses and permits	47,921	-	-	-
Charges for services	781,889	-	-	-
Fines and forfeitures	290,049	-	-	-
Intergovernmental	1,222,485	-	50,126	-
Interest revenue	20,925	-	375	-
Miscellaneous	80,727	-	-	-
Total revenues	<u>7,331,329</u>	<u>660,988</u>	<u>685,337</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
General government	1,846,065	-	-	-
Judicial	422,370	-	-	-
Public safety	2,009,758	-	-	-
Public works	1,316,664	382,622	-	-
Health and welfare	536,958	-	-	-
Culture and recreation	49,680	-	-	-
Planning and community development	124,147	-	-	-
Intergovernmental	-	-	99,627	-
Capital outlay	-	-	472,423	-
Debt service:				
Principal	141,297	70,321	-	-
Interest	6,963	15,135	-	-
Total expenditures	<u>6,453,902</u>	<u>468,078</u>	<u>572,050</u>	<u>-</u>
Net change in fund balances	877,427	192,910	113,287	-
<b>Fund balance, beginning of year</b>	<u>6,937,362</u>	<u>1,212,632</u>	<u>1,821,810</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 7,814,789</u>	<u>\$ 1,405,542</u>	<u>\$ 1,935,097</u>	<u>\$ -</u>

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



<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 3,539,981
-	1,656,267
-	376,797
-	416,694
-	193,418
-	47,921
-	781,889
29,371	319,420
-	1,272,611
24	21,324
-	80,727
<u>29,395</u>	<u>8,707,049</u>
-	1,846,065
3,330	425,700
48,071	2,057,829
-	1,699,286
-	536,958
-	49,680
-	124,147
-	99,627
-	472,423
-	211,618
-	22,098
<u>51,401</u>	<u>7,545,431</u>
(22,006)	1,161,618
<u>137,967</u>	<u>10,109,771</u>
<u>\$ 115,961</u>	<u>\$ 11,271,389</u>

# TALBOT COUNTY, GEORGIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Net change in fund balances - total governmental funds	\$	1,161,618
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	\$	441,629	
Depreciation		(636,886)	(195,257)

The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position.		(45,254)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		74,545
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayment - notes payable	\$	61,863	
Principal repayment - capital leases payable		149,755	211,618

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	\$	7,470	
Change in landfill post-closure costs		117,520	124,990

Changes in net position - governmental activities	\$	1,332,260
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**The accompanying notes are an integral part of these financial statements.**

# TALBOT COUNTY, GEORGIA

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
<b>Revenues</b>				
Property taxes	\$ 3,319,841	\$ 3,319,841	\$ 3,539,981	\$ 220,140
Sales tax	300,000	300,000	360,443	60,443
Insurance premium	354,042	354,042	376,797	22,755
Motor vehicle and mobile home tax	428,658	428,658	416,694	(11,964)
Other taxes	188,564	188,564	193,418	4,854
Licenses and permits	31,350	31,350	47,921	16,571
Charges for services	878,288	878,288	781,889	(96,399)
Fines and forfeitures	196,700	196,700	290,049	93,349
Intergovernmental	1,398,149	1,471,568	1,222,485	(249,083)
Interest revenue	25,000	25,000	20,925	(4,075)
Miscellaneous	50,950	50,950	80,727	29,777
Total revenues	7,171,542	7,244,961	7,331,329	86,368
<b>Expenditures</b>				
<b>Current</b>				
<b>General government:</b>				
General administration	453,627	453,627	483,292	(29,665)
County commissioners	348,147	348,147	325,026	23,121
Tax commissioner	278,607	278,607	272,121	6,486
Tax assessor	306,721	306,721	267,574	39,147
Elections	265,326	265,326	210,875	54,451
Public buildings	344,452	344,452	287,177	57,275
Total general government	1,996,880	1,996,880	1,846,065	150,815
<b>Judicial:</b>				
Probate court	169,951	169,951	145,971	23,980
Clerk of superior court	203,589	203,589	179,848	23,741
Magistrate	23,653	23,653	21,427	2,226
Appeal administration	13,484	13,484	7,803	5,681
Other court services	57,120	57,120	67,321	(10,201)
Total judicial	467,797	467,797	422,370	45,427
<b>Public safety:</b>				
Ambulance service	677,135	698,048	667,596	30,452
Coroner	22,052	22,855	23,059	(204)
Fire	89,270	114,256	106,764	7,492
Animal control	30,615	30,615	25,705	4,910
Sheriff and jail	1,196,356	1,196,356	1,120,430	75,926
Emergency management	43,405	43,405	34,135	9,270
Regional E-911	34,985	34,985	32,069	2,916
Total public safety	2,093,818	2,140,520	2,009,758	130,762
<b>Public works:</b>				
Landfill	358,972	391,984	401,767	(9,783)
Public works	1,470,927	1,470,927	914,897	556,030
Total public works	1,829,899	1,862,911	1,316,664	546,247

(Continued)

# TALBOT COUNTY, GEORGIA

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Expenditures (Continued)</b>				
<b>Current (Continued)</b>				
<b>Health and welfare:</b>				
Transit	\$ 418,814	\$ 418,814	\$ 338,889	\$ 79,925
Nutrition	143,055	143,055	114,961	28,094
Health appropriations	86,409	86,409	83,108	3,301
Total health and welfare	<u>648,278</u>	<u>648,278</u>	<u>536,958</u>	<u>111,320</u>
<b>Culture and recreation:</b>				
Parks	39,956	39,956	15,956	24,000
Libraries	33,724	33,724	33,724	-
Total culture and recreation	<u>73,680</u>	<u>73,680</u>	<u>49,680</u>	<u>24,000</u>
<b>Planning and community development:</b>				
County agent	49,507	49,507	44,841	4,666
Building and zoning	65,139	65,139	58,769	6,370
Planning and community development appropriations	<u>20,537</u>	<u>20,537</u>	<u>20,537</u>	<u>-</u>
Total planning and community development	<u>135,183</u>	<u>135,183</u>	<u>124,147</u>	<u>11,036</u>
<b>Debt service</b>				
Principal	157,063	157,063	141,297	15,766
Interest	-	-	6,963	(6,963)
Total debt service	<u>157,063</u>	<u>157,063</u>	<u>148,260</u>	<u>8,803</u>
Total expenditures	<u>7,402,598</u>	<u>7,482,312</u>	<u>6,453,902</u>	<u>1,028,410</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(231,056)</u>	<u>(237,351)</u>	<u>877,427</u>	<u>1,114,778</u>
<b>Other financing sources</b>				
Proceeds from sale of capital assets	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Total other financing sources	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Net change in fund balance	(229,056)	(235,351)	877,427	1,112,778
<b>Fund balance, beginning of year</b>	<u>6,937,362</u>	<u>6,937,362</u>	<u>6,937,362</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 6,708,306</u></u>	<u><u>\$ 6,702,011</u></u>	<u><u>\$ 7,814,789</u></u>	<u><u>\$ 1,112,778</u></u>

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

# TALBOT COUNTY, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2021

ASSETS	Major Enterprise Fund Water System
Current assets:	
Cash	\$ 102,164
Accounts receivable, net of allowance	158,237
Inventory	10,954
Restricted cash	133,568
Total current assets	404,923
Capital assets:	
Capital assets, non-depreciable	19,600
Capital assets, depreciable, net of accumulated depreciation	1,940,759
Total non-current assets	1,960,359
Total assets	2,365,282
LIABILITIES	
Current liabilities:	
Accounts payable	24,606
Customer deposits	177,646
Due to other governments	887,974
Due to other funds	58,948
Accrued interest	5,171
Compensated absences, current portion	1,981
Capital leases payable, current portion	7,119
Revenue bonds payable, current portion	62,437
Total current liabilities	1,225,882
Non-current liabilities:	
Compensated absences payable	4,621
Capital leases payable	7,012
Revenue bonds payable	1,296,875
Total non-current liabilities	1,308,508
Total liabilities	2,534,390
NET POSITION (DEFICIT)	
Investment in capital assets	586,916
Unrestricted	(756,024)
Total net position (deficit)	\$ (169,108)

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

# TALBOT COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<b>Major Enterprise Fund Water System</b>
<b>Operating revenues</b>	
Charges for services	\$ 929,530
Miscellaneous	123,299
Total operating revenues	<u>1,052,829</u>
<b>Operating expenses</b>	
Salaries and benefits	223,628
Water purchases	353,563
Services and supplies	133,944
Depreciation	158,838
Other	121,535
Total operating expenses	<u>991,508</u>
Operating income	<u>61,321</u>
<b>Non-operating revenues (expenses)</b>	
Interest expense	(70,924)
Interest revenue	81
Total non-operating expenses, net	<u>(70,843)</u>
Change in net position	(9,522)
<b>Net position (deficit), beginning of year</b>	<u>(159,586)</u>
<b>Net position (deficit), end of year</b>	<u><u>\$ (169,108)</u></u>

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

# TALBOT COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<b>Major Enterprise Fund Water System</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 1,070,841
Payments to employees	(233,065)
Payments to suppliers and service providers	(726,453)
Net cash provided by operating activities	111,323
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on capital lease	(8,021)
Proceeds from capital lease	22,152
Principal paid on revenue bonds	(59,307)
Interest paid on capital debt	(71,325)
Purchase of capital assets	(22,152)
Net cash used in capital and related financing activities	(138,653)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned	81
Net cash provided by investing activities	81
Net decrease in cash and cash equivalents	(27,249)
<b>Cash and cash equivalents:</b>	
Beginning of year	262,981
End of year	\$ 235,732
<b>Classified as:</b>	
Cash	\$ 102,164
Restricted cash	133,568
	\$ 235,732
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 61,321
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	158,838
Decrease in accounts receivable	18,012
Increase in inventories	(2,394)
Increase in due from other funds	(59,095)
Increase in customer deposits	35,105
Decrease in accounts payable	(979,001)
Increase in due to other governments	887,974
Decrease in compensated absences	(9,437)
Net cash provided by operating activities	\$ 111,323

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

# TALBOT COUNTY, GEORGIA

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2021

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		<b>Custodial Funds</b>
	<b>ASSETS</b>	
Cash and cash equivalents		\$ 424,039
Taxes receivable		<u>352,775</u>
Total assets		<u><u>\$ 776,814</u></u>
	<b>LIABILITIES</b>	
Due to others		\$ 123,187
Uncollected taxes		<u>352,775</u>
Total liabilities		<u><u>\$ 475,962</u></u>
	<b>NET POSITION</b>	
Restricted for individuals, organizations, and other governments		<u><u>\$ 300,852</u></u>

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



# TALBOT COUNTY, GEORGIA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Taxes collected	\$ 4,758,500
Fines and fees collected	373,633
Total additons	<u>5,132,133</u>
<b>DEDUCTIONS</b>	
Taxes disbursed	4,744,934
Fines and fees disbursed	364,024
Total deductions	<u>5,108,958</u>
Change in net position	23,175
Net position, beginning of year, as restated	<u>277,677</u>
Net position, end of year	<u><u>\$ 300,852</u></u>

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

**TALBOT COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Talbot County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

**A. Reporting Entity**

The County was incorporated December 14, 1827. The County operates under a board of five commissioners and provides the following services in addition to general government responsibilities: judicial, public safety, public works, health and welfare, culture and recreation, planning and community development, and water services. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the County (the "Primary Government") and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. In conformity with GAAP, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and 61, the financial statements of the component units are discretely presented in the financial statements.

**Discretely Presented Component Units**

**Talbot County Department of Public Health ("Department of Public Health")**

Provides medical services and health education to the citizens of the County. The County Board of Commissioners has the authority to modify and approve the Department of Public Health's budget and have committed to provide significant financial support to the Department of Public Health. The Department of Public Health's financial statements have been presented separately and can be obtained by writing to the Talbot County Department of Public Health, 1073 Woodland Hwy, Talbotton, Georgia 31827.

**Development Authority of Talbot County ("Development Authority")**

Identifies, attracts and locates new business, industry and tourism in the County for the purposes of increasing trade, commerce, industry, tourism and employment opportunities. The County Board of Commissioners appoints a majority of the Board of Directors. The Development Authority of the County's financial statements have been presented separately and can be obtained by writing to the Talbot County Industrial Development Authority, P.O. Box 98, 12 East Madison Street, Talbotton, Georgia 31827.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Government-wide and Fund Financial Statements

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

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

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

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues, including property taxes, are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental grants, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds are reported as separate columns in the fund financial statements. The County reports the following major governmental funds:

The **General Fund** is established to account for resources devoted to financing the general services that the County performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the County are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

The **Transportation Investment Act ("TIA") Fund** is a capital projects fund established to account for the County's share of the TIA sales tax receipts.

The **Special Purpose Local Option Sales Tax ("SPLOST") Fund** is a capital projects fund established to account for major capital expenditures financed by SPLOST receipts.

The **American Rescue Plan Act ("ARPA") Fund** is a special revenue fund used to account for grant funds awarded to the County as part of the State and Local Fiscal Recovery Fund under the ARPA.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major proprietary fund:

The **Water System Fund** accounts for the water activities of the government.

Additionally, the County reports the following fund types:

The **Special Revenue Funds** account for specific revenues that are legally restricted to expenditures for particular purposes.

The **Custodial Funds** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals. These include the Tax Commissioner, Superior Court, Probate Court, Magistrate Court, and Sheriff.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule can be payments in lieu of taxes and other charges between the government's water system and other functions of the County.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County's net position is reported in three parts - 1) net invested in capital assets, 2) restricted, and 3) unrestricted. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **D. Deposits and Investments**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County, and non-negotiable certificates of deposits regardless of original maturity.

For purposes of the statement of cash flows, the Water System Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments are reported at fair value. At June 30, 2021, the County has no investments.

#### **E. Receivables/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/payables" (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." Any residual balances between governmental activities and the business-type activities are reported on the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowances for uncollectibles on receivable balances represent estimates based on historical collection rates and account balance aging reports.

All property taxes levied for the current and any previous years, but not received as of June 30, 2021, are shown as property taxes receivable at that date. Any of the taxes, which are determined to be unavailable to pay liabilities of the current period, have been deferred. The Tax Commissioner bills and collects those property taxes levied by the County, the Talbot County Board of Education, the municipalities located within the County and the State of Georgia. Collections and remittances to the County and other governmental agencies are accounted for in a Custodial Fund.

#### **F. Inventories**

Inventories are valued at cost, which approximates market, using the first-in/first-out ("FIFO") method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### H. Restricted Cash

Water System Fund restricted cash is restricted for the Water Fund debt service.

#### I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life

in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of acquisition plus any ancillary charges incurred to put the asset into service.

The County is classified as a phase 3 government due to its revenue and classification by GASB 34. The County has opted not to retroactively report infrastructure, but reports all infrastructure additions and related improvements after July 1, 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 – 40
Improvements	10 – 30
Public domain infrastructure	40
System infrastructure	40
Vehicles	5
Equipment	5 – 15

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **J. Compensated Absences**

The County changed its policy in fiscal year June 30, 2019 to disallow employees to accumulate earned but unused vacation and sick benefits beyond a one-year period. Benefits belonging to employees who had accumulated the benefits prior to this change are reflected in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### **K. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

#### **L. Deferred Inflows of Resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and EMS services not received within 60 days after year-end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. 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”.

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Non-spendable** – Fund balances are reported as non-spendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash), or b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commission through the adoption of a resolution. Only the County Commission may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through policy, authorization to assign fund balance remains with the Board.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Fund Equity (Continued)

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

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

#### N. Use of Estimates

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

### NOTE 2. LEGAL COMPLIANCE – BUDGETS

#### A. Budgets and Budgetary Accounting

The County prepares and adopts its budget and complies with the auditing requirements for local governments so as to provide local taxpayers with an opportunity to gain information concerning the purpose for which local revenues are proposed to be spent and are actually spent and to assist local governments in generally improving local financial management practices while maintaining, preserving, and encouraging the principle of home rule over local matters. The procedures are as follows:

1. The County manager submits to the Board of Commissioners a proposed operating budget for the following fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

#### A. Budgets and Budgetary Accounting (Continued)

4. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with GAAP.
5. The Capital Projects Fund is budgeted on a project basis, which may be one or more years in length.
6. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Each fund's appropriated budget is prepared on a department level. Revenues are budgeted by source. Expenditures are budgeted by departments, which constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the County Commission. Within these control levels, management may transfer appropriations without Commission approval. Budget appropriations lapse at year-end.

An annual operating budget for the ARPA Fund will be prepared once the funds are expected to be expended.

The budget amounts shown in these financial statements include any amendments approved by the County. There were no significant amendments during the fiscal year.

#### B. Deficit Net Position

For the year ended June 30, 2021, the County reported deficit net position in the Water System Fund and Magistrate Court Fund of \$169,108 and \$778, respectively. The deficits are intended to be eliminated through future revenues and/or transfers.

#### C. Excess Expenditures Over Appropriations

For the year ended June 30, 2021, the following fund had expenditures which exceeded the appropriations, which were funded by fund balance and transfers from other funds:

##### General Fund:

General administration	\$	29,665
Other court services		10,201
Coroner		204
Landfill		9,783

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2021 are summarized as follows:

**Balances per Statement of Net Position:**

Cash and cash equivalents - primary government	\$ 11,437,631
Restricted cash - primary government	133,568
Cash - custodial funds	424,039
	<u>\$ 11,995,238</u>

**Balances by type:**

Cash deposited with financial institutions	\$ 11,995,238
	<u>\$ 11,995,238</u>

**Credit Risk.** State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County had no investments as of June 30, 2021.

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

**Custodial Credit Risk – Deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2021, all of the deposits maintained by the County were properly insured and collateralized as required by the Official Code of Georgia Annotated ("O.C.G.A.") §45-8-12(c) and as defined by GASB pronouncements.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. RECEIVABLES

Taxes were levied on October 15, 2020 and payable on or before December 20, 2020. The County bills and collects its own property taxes. Property taxes levied for 2020 are recorded as receivables, net of estimated uncollectibles. At December 21, the bill becomes delinquent, the applicable property is subject to lien, and penalties and interest may be assessed by the County.

The net receivables collected during the year ended June 30, 2021, and expected to be collected by August 31, 2021, are recognized as revenues in the year ended June 30, 2021. Net receivables estimated to be collectible subsequent to August 31, 2021, are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

Receivables consisted of the following at June 30, 2021:

	<u>General</u>	<u>TIA SPLOST</u>	<u>SPLOST</u>	<u>Water System Fund</u>	<u>Total</u>
Receivables:					
Taxes	\$ 386,858	\$ 55,699	\$ 148,353	\$ -	\$ 590,910
Accounts	266,349	-	-	205,839	472,188
Due from other governments	558,826	-	-	-	558,826
Gross receivables	1,212,033	55,699	148,353	205,839	1,621,924
Less allowance	473,485	-	-	47,602	521,087
Net total receivables	<u>\$ 738,548</u>	<u>\$ 55,699</u>	<u>\$ 148,353</u>	<u>\$ 158,237</u>	<u>\$ 1,100,837</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land	\$ 288,101	\$ 7,433	\$ -	\$ -	\$ 295,534
Construction in progress	1,063,597	134,975	-	(178,132)	1,020,440
Total	<u>1,351,698</u>	<u>142,408</u>	<u>-</u>	<u>(178,132)</u>	<u>1,315,974</u>
Capital assets, being depreciated:					
Building and structures	4,362,209	-	(67,220)	178,132	4,473,121
Improvements	599,269	-	-	-	599,269
Machinery and equipment	5,360,220	299,221	(927,747)	-	4,731,694
Infrastructure	572,841	-	-	-	572,841
Total	<u>10,894,539</u>	<u>299,221</u>	<u>(994,967)</u>	<u>178,132</u>	<u>10,376,925</u>
Less accumulated depreciation for:					
Building and structures	1,832,608	117,161	(21,966)	-	1,927,803
Improvements	303,405	30,745	-	-	334,150
Machinery and equipment	3,758,071	474,659	(927,747)	-	3,304,983
Infrastructure	108,791	14,321	-	-	123,112
Total	<u>6,002,875</u>	<u>636,886</u>	<u>(949,713)</u>	<u>-</u>	<u>5,690,048</u>
Total capital assets, being depreciated, net	<u>4,891,664</u>	<u>(337,665)</u>	<u>(45,254)</u>	<u>178,132</u>	<u>4,686,877</u>
Governmental activities capital assets, net	<u>\$ 6,243,362</u>	<u>\$ (195,257)</u>	<u>\$ (45,254)</u>	<u>\$ -</u>	<u>\$ 6,002,851</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$ 19,600	\$ -	\$ -	\$ -	\$ 19,600
Total	<u>19,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,600</u>
Capital assets, being depreciated:					
Machinery and equipment	171,594	\$ 22,152	\$ -	\$ -	\$ 193,746
Transportation equipment	133,015	-	(14,799)	-	118,216
Water system	5,949,344	-	-	-	5,949,344
Total	<u>6,253,953</u>	<u>22,152</u>	<u>(14,799)</u>	<u>-</u>	<u>6,261,306</u>
Less accumulated depreciation for:					
Machinery and equipment	170,773	117	-	-	170,890
Transportation equipment	114,641	10,088	(14,799)	-	109,930
Water system	3,891,094	148,633	-	-	4,039,727
Total	<u>4,176,508</u>	<u>158,838</u>	<u>(14,799)</u>	<u>-</u>	<u>4,320,547</u>
Total capital assets, being depreciated, net	<u>2,077,445</u>	<u>(136,686)</u>	<u>-</u>	<u>-</u>	<u>1,940,759</u>
Business-type activities capital assets, net	<u>\$ 2,097,045</u>	<u>\$ (136,686)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,960,359</u>

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

Governmental activities	
General government	\$ 144,007
Judicial	1,839
Public safety	178,305
Public works	279,425
Culture and recreation	<u>33,310</u>
Total depreciation expense - governmental activities	<u>\$ 636,886</u>
Business-type activities:	
Water system	<u>\$ 158,838</u>
Total depreciation expense - business-type activities	<u>\$ 158,838</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT

The following is a summary of long-term debt activity for the primary government for the fiscal year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Capital leases	\$ 975,177	\$ -	\$ 149,755	\$ 825,422	\$ 137,186
Direct borrowing - notes payable	74,135	-	61,863	12,272	12,272
Landfill post-closure	612,825	-	117,520	495,305	-
Compensated absences	35,570	-	7,470	28,100	8,430
Totals	<u>\$ 1,697,707</u>	<u>\$ -</u>	<u>\$ 336,608</u>	<u>\$ 1,361,099</u>	<u>\$ 157,888</u>
<b>Business-type activities</b>					
Direct placement - revenue bonds	\$ 1,418,619	\$ -	\$ 59,307	\$ 1,359,312	\$ 62,437
Capital leases	-	22,152	8,021	14,131	7,119
Compensated absences	16,039	-	9,437	6,602	1,981
Totals	<u>\$ 1,434,658</u>	<u>\$ 22,152</u>	<u>\$ 76,765</u>	<u>\$ 1,380,045</u>	<u>\$ 71,537</u>

For governmental activities, compensated absences and landfill post-closure costs are ordinarily liquidated by the General Fund. For business-type activities, compensated absences are ordinarily liquidated by the Water System Fund.

**Capital leases.** The County has entered into lease agreements as a lessee for financing the acquisition of various equipment and vehicles for the governmental activities and for the business-type activities. Capital leases for the governmental activities are being repaid by the General Fund and TIA Fund. Capital leases for the business-type activities are being repaid through the Water System Fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The expense resulting from amortization of assets recorded under capital leases is included in depreciation expense.

For governmental activities, the six leases were executed during the periods of February 2015 through April 2019. Title passes to the County at the end of the lease term.

For business-type activities, the lease was executed during March 2021. Title passes to the County at the end of the lease term.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

The assets acquired through capital leases are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Equipment	\$ 1,190,746	\$ 22,152
Less: Accumulated depreciation	(498,221)	(1,107)
	<u>\$ 692,525</u>	<u>\$ 21,045</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 are as follows:

<u>Fiscal Year Ending June 30,</u>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
2022	\$ 152,933	\$ 8,022
2023	263,740	7,477
2024	275,738	-
2025	164,368	-
Total minimum lease payments	856,779	15,499
Less amount representing interest	(31,357)	(1,368)
Present value of future minimum lease payments	<u>\$ 825,422</u>	<u>\$ 14,131</u>

**Revenue bonds.** The County issues bonds where the County pledges revenues derived from the acquired or constructed assets to pay debt service. Business-type revenue bonds outstanding at June 30, 2021 are as follows:

<b>Purpose</b>	<b>Interest Rate</b>	<b>Due Date</b>	<b>Original Amount</b>	<b>Outstanding Amount</b>
Improvements to Water System	5.250%	2034	\$ 991,100	\$ 546,035
Improvements to Water System	5.125%	2034	347,400	189,451
Water revenue refunding and improvements	5.000%	2041	865,300	623,826
				<u>\$ 1,359,312</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

The revenue bonds have debt service requirements as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 62,437	\$ 68,194	\$ 130,631
2023	65,735	64,898	130,633
2024	69,035	61,597	130,632
2025	72,848	57,784	130,632
2026	76,694	53,938	130,632
2027 – 2031	448,509	204,651	653,160
2032 – 2036	361,315	86,776	448,091
2037 – 2041	202,739	24,287	227,026
Total	<u>\$ 1,359,312</u>	<u>\$ 622,125</u>	<u>\$ 1,981,437</u>

**Notes payable.** In June 2010, the County entered into a direct borrowing note payable for financing renovations of the County's courthouse. The total amount of the loan issued in prior years is \$1,106,000. The General Fund is servicing the debt. The promissory note is between the County and the United States Department of Agriculture ("USDA"). In the event of default, the USDA may declare all or any part of the indebtedness immediately due and payable.

Notes payable outstanding at June 30, 2021 are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
Renovations of courthouse	4.1250%	\$ 1,106,000	\$ 12,272

The County's notes payable debt service requirements to maturity are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 12,272	\$ 590	\$ 12,862
Total	<u>\$ 12,272</u>	<u>\$ 590</u>	<u>\$ 12,862</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. INTERFUND BALANCES

The composition of interfund balances as of June 30, 2021, is as follows:

Due To	Due From	
	Water System Fund	
General Fund	\$	58,948
Total	\$	58,948

These balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Primarily, balances are attributed to expenditures paid by the General Fund to be reimbursed by the funds for which the expenditures benefit.

### NOTE 8. JOINT USE AGREEMENT

On August 4, 1992, the County entered into a joint services contract with the City of Manchester, Georgia regarding the City's water treatment facility. The contract entitles the County to 29% of the City's total water treatment plant capacity, 29% of the reservoir capacity and 29% of total water line capacity. The County, in turn, shares in the cost of operating and maintaining the water treatment facility based upon actual consumption by the County in relation to the total production of the water treatment plant. Payments to the City are reported as water purchases in the statement of revenues, expenses and changes in fund net position for proprietary funds.

### NOTE 9. DEFINED CONTRIBUTION PENSION PLAN

#### Plan Description

Effective July 1, 2016, County employees are covered by the Association County Commissioners of Georgia Defined Contribution Plan Program, ACCG 401(a) Defined Contribution Plan for Talbot County Employees. This plan covers full-time employees whom work at least thirty hours of service per week for compensation. Under the plan, the County contributes 6% of participating employee's compensation. Plan provisions and contribution requirements are established and may be amended by a resolution of the Talbot County Commission. Employees will also have the option to participate in a 457(b) Eligible Deferred Compensation Plan with no matching contributions from the County. The County's contribution for the year ended June 30, 2021 was \$162,622. Total payroll for the year ended June 30, 2021 was \$2,585,888.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 10. LANDFILL POST-CLOSURE COSTS**

Effective April 1994, the County closed its landfill and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. As of June 30, 2021, the County has a remaining 30 years of monitoring. Engineering studies estimate post-closure costs of approximately \$495,305 over that period. These costs are based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2021. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this post-closure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

### **NOTE 11. RISK MANAGEMENT**

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. The County purchases commercial insurance to cover property and liability and professional liability claims.

The County participates in the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. As part of this risk pool, the County is obligated to pay all contributions and assessments as prescribed by the pool; to cooperate with the pool's agents and attorneys; to follow loss reduction procedures established by the fund; and to report as promptly as possible, in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

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

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. JOINT VENTURE

#### **River Valley Regional Commission**

Under Georgia law, the County, in conjunction with other cities and counties in the 16-county west central Georgia area, is a member of the River Valley Regional Commission ("RC") and is required to pay annual dues thereto. During its year ended June 30, 2021, the County paid \$4,796 in such dues. Membership in an RC is required by O.C.G.A. §50-8-34 which provides for the organizational structure of the RC in Georgia.

The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from: River Valley Regional Commission, 228 West Lamar Street, Americus, Georgia 31709.

#### **Middle Flint Regional E-911 Authority**

The Middle Flint Regional E-911 Authority (the "E-911 Authority") is comprised of eight board members: two appointed by the County and the remaining six appointed by the other representative counties. The County allocated to the E-911 Authority \$32,069 during the year to assist with general operating expenses. The County's governing body does not approve the budget nor does it have any oversight of the day-to-day operations of the E-911 Authority. The E-911 Authority was established to provide emergency communications services to Dooly, Macon, Marion, Schley, Sumter, Talbot, Taylor, and Webster counties. Separate financial statements may be obtained from: Middle Flint Regional E-911 Authority, 222 Hayes Avenue, Ellaville, Georgia 31806.

### NOTE 13. COMMITMENTS AND CONTINGENCIES

#### **Litigation**

The County is not involved in any lawsuits at year-end.

#### **Grant Contingencies**

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. TAX ABATEMENT AGREEMENTS

During the year ended June 30, 2017, the County implemented GASB Statement No. 77, *Tax Abatement Disclosures*. This statement requires the County to disclose information for any tax abatement agreements either entered into by the County, or agreements entered into by other governments that reduce the County's tax revenues. As of June 30, 2021, the County did not have any such agreements, either entered into by the County or by other governments that exceeded the quantitative threshold for disclosure.

### NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of GASB Statement No. 84, *Fiduciary Activities*, the County is required to reevaluate the accounting treatment of fiduciary activities. The new standard requires the County to determine if funds are still considered fiduciary, and if so, if they are considered custodial funds under the new definitions of GASB Statement No. 84. Therefore, in conjunction with the implementation of GASB Statement No. 84, the following restatement was required to the beginning net position of the fiduciary activities to properly report the custodial funds.

	<u>Custodial Funds</u>
Net position, as previously reported	\$ -
Adjustment needed to record beginning net position of the agency funds now reported as custodial funds in accordance with GASB Statement No. 84	<u>277,677</u>
Net position, as restated	<u>\$ 277,677</u>

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## NONMAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

**Law Library Fund** – To account for costs of operating and maintaining the County Law Library. Financing is provided from a charge added to and collected on all costs in civil and criminal cases.

**Jail Fund** – To account for the expenditures made towards maintenance and operations of the County jail.

**Drug Abuse Treatment and Education (“DATE”) Fund** – To account for collection of additional penalties for certain drug related crimes and for expenditure of those funds solely and exclusively for drug abuse treatment and education programs.

**Sheriff Drug Fund** – To account for monies deemed as forfeited property by courts to the County from cases related to illegal drug activity.



# TALBOT COUNTY, GEORGIA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2021

	Special Revenue Funds				Totals
	Law Library Fund	Jail Fund	DATE Fund	Sheriff Drug Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 27,161	\$ 28,329	\$ 57,435	\$ 3,036	\$ 115,961
Total assets	<u>\$ 27,161</u>	<u>\$ 28,329</u>	<u>\$ 57,435</u>	<u>\$ 3,036</u>	<u>\$ 115,961</u>
<b>FUND BALANCES</b>					
Restricted for:					
Judicial	\$ 27,161	\$ -	\$ -	\$ -	\$ 27,161
Public safety	<u>-</u>	<u>28,329</u>	<u>57,435</u>	<u>3,036</u>	<u>88,800</u>
Total fund balances	<u>\$ 27,161</u>	<u>\$ 28,329</u>	<u>\$ 57,435</u>	<u>\$ 3,036</u>	<u>\$ 115,961</u>

# TALBOT COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				
	Law Library Fund	Jail Fund	DATE Fund	Sheriff Drug Fund	Totals
<b>Revenues</b>					
Fines and forfeitures	\$ 9,925	\$ 12,777	\$ 6,574	\$ 95	\$ 29,371
Interest revenue	-	12	11	1	24
Total revenues	<u>9,925</u>	<u>12,789</u>	<u>6,585</u>	<u>96</u>	<u>29,395</u>
<b>Expenditures</b>					
Current:					
Judicial	3,330	-	-	-	3,330
Public safety	-	45,692	-	2,379	48,071
Total expenditures	<u>3,330</u>	<u>45,692</u>	<u>-</u>	<u>2,379</u>	<u>51,401</u>
Net change in fund balances	6,595	(32,903)	6,585	(2,283)	(22,006)
<b>Fund balances, beginning of year</b>	<u>20,566</u>	<u>61,232</u>	<u>50,850</u>	<u>5,319</u>	<u>137,967</u>
<b>Fund balances, end of year</b>	<u>\$ 27,161</u>	<u>\$ 28,329</u>	<u>\$ 57,435</u>	<u>\$ 3,036</u>	<u>\$ 115,961</u>

# TALBOT COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Project Description Per SPLOST Referendum	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Resolution #070102:					
Recreational facilities and equipment	\$ 2,000,000	\$ 2,000,000	\$ 502,156	\$ 36,226	\$ 538,382
Public safety facilities	2,000,000	2,000,000	604,880	3,449	608,329
Roads, streets and bridge purposes	3,500,000	3,500,000	1,117,661	-	1,117,661
Courthouse	1,500,000	1,500,000	404,784	-	404,784
County Commissioners annex	1,000,000	1,000,000	219,650	-	219,650
Resolution #070107:					
Roads, streets and bridge purposes	1,200,000	1,200,000	916,193	-	916,193
Public safety facilities	400,000	400,000	251,317	8,891	260,208
Recreational facilities and equipment	400,000	400,000	125,548	51,406	176,954
Courthouse	1,600,000	1,600,000	1,109,737	-	1,109,737
Town of Geneva	100,000	100,000	77,866	-	77,866
Town of Junction City	100,000	100,000	77,866	-	77,866
City of Talbotton	100,000	100,000	77,866	-	77,866
City of Woodland	100,000	100,000	77,866	-	77,866
Debt service	Debt service	Debt service	1,046,054	-	1,046,054
Resolution #070114:					
Jail construction	1,200,000	1,200,000	809,611	129,550	939,161
Roads, streets and bridge purposes	800,000	800,000	254,668	178,331	432,999
Recreational facilities and equipment	1,200,000	1,200,000	250	7,433	7,683
Public safety facilities and equipment	400,000	400,000	79,883	57,136	137,019
Town of Geneva	100,000	100,000	67,702	10,508	78,210
Town of Junction City	100,000	100,000	67,701	10,508	78,209
City of Talbotton	100,000	100,000	67,702	10,508	78,210
City of Woodland	100,000	100,000	67,701	10,508	78,209
Resolution #070120:					
Community building	1,020,000	1,020,000	-	-	-
Roads, streets and bridge purposes	1,360,000	1,360,000	-	-	-
Public safety facilities and equipment	680,000	680,000	-	-	-
Town of Geneva	34,157	34,157	-	3,645	3,645
Town of Junction City	57,576	57,576	-	6,141	6,141
City of Talbotton	315,544	315,544	-	33,655	33,655
City of Woodland	132,723	132,723	-	14,155	14,155
	<u>\$ 21,600,000</u>	<u>\$ 21,600,000</u>	<u>\$ 8,024,662</u>	<u>\$ 572,050</u>	<u>\$ 8,596,712</u>

## CUSTODIAL FUNDS

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**Clerk of Superior Court** – To account for all monies received by the Clerk of Superior Court on behalf of individuals, private organizations, other governmental units, and other funds.

**Probate Court** – To account for all monies received by the Probate Court on behalf of individuals, private organizations, other governmental units, and other funds.

**Sheriff** – To account for all monies received by the Sheriff's Department on behalf of individuals, private organizations, other governmental units, and other funds.

**Tax Commissioner** – To account for the collection and payment to the County and other taxing units of the property taxes levied, billed, and collected by the Tax Commissioner on behalf of the County and other taxing units.

**Magistrate Court** – To account for all monies received by the Magistrate Court on behalf of individuals, private organizations, other governmental units, and other funds.

# TALBOT COUNTY, GEORGIA

## COMBINING STATEMENT OF FIDUCIARY NET POSITION CUSTODIAL FUNDS JUNE 30, 2021

	Clerk of Superior Court	Probate Court	Sheriff
<b>ASSETS</b>			
Cash and cash equivalents	\$ 222,117	\$ 22,996	\$ 14,420
Taxes receivable	-	-	-
Total assets	<u>\$ 222,117</u>	<u>\$ 22,996</u>	<u>\$ 14,420</u>
<b>LIABILITIES</b>			
Due to others	\$ 6,047	\$ 12,909	\$ 8,066
Uncollected taxes	-	-	-
Total liabilities	<u>\$ 6,047</u>	<u>\$ 12,909</u>	<u>\$ 8,066</u>
<b>NET POSITION</b>			
Restricted for individuals, organizations, and other governments	<u>\$ 216,070</u>	<u>\$ 10,087</u>	<u>\$ 6,354</u>

<b>Tax Commissioner</b>	<b>Magistrate Court</b>	<b>Total</b>
\$ 163,568	\$ 938	\$ 424,039
352,775	-	352,775
<u>\$ 516,343</u>	<u>\$ 938</u>	<u>\$ 776,814</u>
\$ 94,449	\$ 1,716	\$ 123,187
352,775	-	352,775
<u>\$ 447,224</u>	<u>\$ 1,716</u>	<u>\$ 475,962</u>
<u>\$ 69,119</u>	<u>\$ (778)</u>	<u>\$ 300,852</u>

# TALBOT COUNTY, GEORGIA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Clerk of Superior Court	Probate Court	Sheriff
<b>ADDITIONS</b>			
Taxes collected	\$ -	\$ -	\$ -
Fines and fees collected	186,947	142,523	29,402
Total additons	<u>186,947</u>	<u>142,523</u>	<u>29,402</u>
<b>DEDUCTIONS</b>			
Taxes disbursed	-	-	-
Fines and fees disbursed	184,124	140,186	24,175
Total deductions	<u>184,124</u>	<u>140,186</u>	<u>24,175</u>
Change in net position	2,823	2,337	5,227
Net position, beginning of year, as restated	<u>213,247</u>	<u>7,750</u>	<u>1,127</u>
Net position, end of year	<u>\$ 216,070</u>	<u>\$ 10,087</u>	<u>\$ 6,354</u>

<b>Tax Commissioner</b>	<b>Magistrate Court</b>	<b>Total</b>
\$ 4,758,500	\$ -	\$ 4,758,500
-	14,761	373,633
4,758,500	14,761	5,132,133
4,744,934	-	4,744,934
	15,539	364,024
4,744,934	15,539	5,108,958
13,566	(778)	23,175
55,553	-	277,677
\$ 69,119	\$ (778)	\$ 300,852



## **COMPLIANCE SECTION**



## **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**

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**Board of Commissioners  
of Talbot County, Georgia  
Talbotton, Georgia**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Talbot County, Georgia (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 15, 2022. Our report includes a reference to other auditors who audited the financial statements of the Talbot County Department of Public Health, as described in our report on the County's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting on compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County'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*.

**Talbot County, Georgia's Responses to Findings**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the ampersand being a simple cross.

Macon, Georgia  
June 15, 2022

# TALBOT COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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### SECTION I SUMMARY OF AUDIT RESULTS

#### **Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	<u>  X  </u> Yes <u>      </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u> Yes <u>  X  </u> No
Noncompliance material to financial statements noted?	<u>      </u> Yes <u>  X  </u> No

#### **Federal Awards**

There was not an audit of major federal programs as of June 30, 2021 due to the total amount expended being less than \$750,000.

# TALBOT COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2021-001 – General Accounting Matters/Close-Out Procedures

**Criteria:** Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable and available. Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

**Condition:** During our audit, we noted several occasions of accounting, reporting and reconciling not being properly performed and/or reviewed during the fiscal year which required a significant effort to close the County's 2021 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed June 30, 2021. Specifically, we noted the following issues related to financial and non-financial information:

- to document the review of bank reconciliations;
- to properly maintain the accounts payable on a periodic basis throughout the year;
- to accurately maintain and record the County's capital assets; and
- to close-out and report activities, events and transactions on a periodic basis.

**Context:** We addressed the matter with the County officials who were able to provide all respective details and reconciliations as of and for the year ended June 30, 2021.

**Effects:** The ultimate effect of the above condition is the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

**Cause:** There was a lack of appropriate controls implemented at the County during the fiscal year to properly maintain financial and non-financial information and to properly close out the year-end.

**Recommendation:** We recommend the County consider a variety of options in addressing the above condition. The County should consider evaluating its strengths and weaknesses relative to the accounting function, and take measures to address the concerns noted above with a goal of providing adequate reporting of County operations and financial and non-financial activities.

**Views of Responsible Officials and Planned Corrective Action:** We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

# TALBOT COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

#### 2021-002 – Segregation of Duties

**Condition:** Appropriate segregation of duties does not exist among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County.

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

**Context:** Several instances of overlapping duties were noted during interviews regarding internal control procedures. This was noted in the following offices/departments:

- Finance – We noted one individual opens the mail also has the authority to prepare deposits and deposit cash receipts at the bank. In addition, we noted another individual who reconciles bank statements also has the authority to post transactions to the general ledger.
- Clerk of Court – We noted one employee who prepares and signs checks also has the authority to reconcile bank statements. We also noted another employee who opens the mail also has the authority to perform posting transactions to the system, deposit cash receipts, and review bank reconciliations.
- Probate/Magistrate Court – We noted one employee who opens the mail also has the authority to sign checks. We also noted another employee opens the mail also has the authority to sign checks, reconcile the bank statements, prepare the checks, prepare the deposits and deposit cash receipts at the bank.
- Sheriff's Office – We noted one employee who reconciles the bank statements also has the authority to post transactions to the general ledger, prepare checks, prepare deposits and has access to cash. We noted the Sheriff's Office was not reconciling bank statements for all bank accounts throughout the year. In addition, we also noted the Sheriff's Office was not depositing cash receipts in a timely manner.
- Tax Commissioner – We noted one employee who reconciles bank statements also has the authority to prepare checks, deposit cash receipts at the bank and has access to cash. We also noted another employee who opens the mail also has the authority to sign checks.

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

**Recommendation:** The duties of recording, distribution, and reconciliation of accounts should be segregated among employees. There should be a process in which an individual reviews the bank reconciliations and documents their approval of them. In addition, we recommend all cash receipts are deposited in a timely manner.

**Views of Responsible Officials and Planned Corrective Action:** We concur. The offices are in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

# **TALBOT COUNTY, GEORGIA**

## **SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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### **SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Not applicable.

# TALBOT COUNTY, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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### 2020-001 – Accurate Monthly Bank Reconciliations

**Condition/criteria:** During our audit, we noted the bank reconciliations had numerous errors which consisted of outstanding deposits and checks that were not correct based on dates, reconciliations which did not foot correctly, and reconciled balances which did not agree to the general ledger at the end of the month. We noted all bank accounts were not reconciled each month.

**Auditee Response/Status:** Resolved.

### 2020-002 – Segregation of Duties

**Condition/criteria:** Due to the small size of the County's staff, controls are not practical to provide adequate segregation of duties in the cash receipts and disbursements functions.

**Auditee Response/Status:** Unresolved. See finding 2021-002.

### 2020-003 – Controls over Financial Statement Preparation

**Condition/criteria:** County personnel do not currently possess the skills necessary to prepare the financial statements and related footnote disclosures in accordance with generally accepted accounting principles. This could result in the omission of a material financial statement element or disclosure that might not be detected by management.

**Auditee Response/Status:** Resolved.

### 2020-004 – Sheriff's Department Timely Deposits

**Condition/criteria:** During our audit of the Sheriff's Department, we noted that cash receipts are not being deposited on a timely basis.

**Auditee Response/Status:** Unresolved. See finding 2021-002.

### 2020-005 – Clerk of Superior Court Timely Deposits and Disbursements

**Condition/criteria:** We noted during our audit of the Clerk of Superior Court that some receipts were not deposited in a timely manner. Also, receipts were not disbursed in the month following their receipt.

**Auditee Response/Status:** Resolved.



# **TALBOT COUNTY, GEORGIA**

## **SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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### **2020-006 – Clerk of Superior Court Restitution Disbursements**

**Condition/criteria:** During our audit, we noted that the Clerk of Superior Court had restitution and related fees collected that had not been paid out to restitution recipients or victims and appropriate agencies.

**Auditee Response/Status:** Resolved.

### **2020-007 – Probate/Magistrate Incorrect Reports and Balancing Routines**

**Condition/criteria:** During our audit, we noted the reports prepared for the year-end, such as proof of cash, recap of cash receipts and recap of cash disbursements, were prepared with incorrect numbers and did not balance to activity in the bank accounts.

**Auditee Response/Status:** Resolved.

### **2020-008 – Remittance of Payroll Withholding and Maintaining Payroll Reports**

**Condition/criteria:** We noted during our audit, copies of the quarterly payroll tax reports filed were not maintained and the payments for taxes were not remitted for the correct amount. Also, posting errors were noted for disbursements related to insurance and retirement checks.

**Auditee Response/Status:** Resolved.

### **2020-009 – Cash Receipts Postings and Support Documentation**

**Condition/criteria:** During our audit, we noted numerous posting errors for cash receipts and direct deposits into the bank accounts lacked documentation to identify the source and purpose.

**Auditee Response/Status:** Resolved.