

TALBOT COUNTY, GEORGIA

FINANCIAL STATEMENTS

Year Ended June 30, 2019

TALBOT COUNTY, GEORGIA
FINANCIAL STATEMENTS
Year Ended June 30, 2019

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AJK, LLC

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Talbot County
Talbotton, Georgia 31827

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, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Talbot County, Georgia'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Talbot County Department of Public Health, which represent 37 percent, 13 percent, and 93 percent, respectively, of the assets, net position, and revenues of the component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 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.

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, the aggregate remaining fund information and the respective budgetary comparison for the General Fund and Special Revenue Fund - TIA, of Talbot County, Georgia, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of 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.

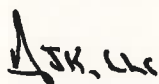
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Talbot County, Georgia's basic financial statements. The combining, individual nonmajor fund financial statements, and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining, individual nonmajor fund financial statements, and other supplemental information 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 the other auditors, the combining, individual nonmajor fund financial statements, and other supplemental information are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2019, on our consideration of Talbot County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Talbot County, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Talbot County, Georgia's internal control over financial reporting and compliance.



Manchester, Georgia
November 21, 2019

TALBOT COUNTY, GEORGIA
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Development Authority	Department of Public Health
<u>Assets</u>					
Cash	\$ 9,140,146	\$ 184,210	\$ 9,324,356	\$ 292,702	\$ 252,203
Receivables (net of allowance for doubtful accounts, where applicable):					
Taxes	372,193		372,193		
Accounts	74,553	166,607	241,160		
Intergovernmental	717,667	20,861	738,528	1,061	13,720
Internal balance	259,342	(259,342)	-		
Inventory		10,540	10,540		
Prepaid items	39,736		39,736		
Restricted cash		171,987	171,987		
Capital assets not being depreciated	495,890	19,600	515,490	123,336	
Capital assets being depreciated, net of accumulated depreciation	4,928,703	2,235,178	7,163,881	37,793	5,637
Total assets	16,028,230	2,549,641	18,577,871	454,892	271,560
<u>Deferred outflows of resources</u>					
Other post employment benefits:					
Changes in proportion and differences between employer contributions and proportionate share of contributions					5,496
Total deferred outflows of resources	-	-	-	-	5,496

Continued...

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

TALBOT COUNTY, GEORGIA
STATEMENT OF NET POSITION
June 30, 2019
(Continued)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Development Authority	Department of Public Health
<u>Liabilities</u>					
Accounts payable	258,379	56,944	315,323		11,672
Accrued liabilities		6,202	6,202	12,232	
Customer deposits		133,242	133,242		
Unearned revenue	36,448		36,448		13,918
Long-term debt:					
Due within one year	386,091	85,091	471,182		
Due in more than one year	748,069	1,418,619	2,166,688		
Other long-term obligations:					
Due within one year	26,703	3,840	30,543		
Due in more than one year	675,131	8,960	684,091		
Net OPEB liability					5,597
Total liabilities	2,130,821	1,712,898	3,843,719	12,232	31,187
<u>Deferred inflows of resources</u>					
Pension:					
Changes in proportion and differences between employer contributions and proportionate share of contributions					79,031
Other post-employment benefits:					
Difference between expected and actual experience					440
Changes of assumptions					2,029
Changes in proportion and differences between employer contributions and proportionate share of contributions					95,758
Total deferred inflows of resources	-	-	-	-	177,258
<u>Net Position</u>					
Net invested in capital assets	4,290,433	751,068	5,041,501	161,129	5,637
Restricted:					
Capital projects	2,597,391		2,597,391		
Public safety	180,923		180,923		
Public works	932,597		932,597		
Judicial	15,591		15,591		
Prior year program income					20,619
Unrestricted	5,880,474	85,675	5,966,149	281,531	42,355
Total net position	\$ 13,897,409	\$ 836,743	\$ 14,734,152	\$ 442,660	\$ 68,611

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

TALBOT COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services, Fees, Fines, and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Development Authority
Primary government:							Department of Public Health
Governmental activities:							
General government	\$ 1,958,967	\$ 122,622	\$ 301,498		\$ (1,534,847)		
Judicial system	489,916				(489,916)		
Public safety	1,987,788	620,118	44,238		(1,323,432)		
Public works	2,175,758	339,347	506,949	\$ 2,251	(1,327,211)		
Health and welfare	659,741	171,015	324,611		(164,115)		
Culture and recreation	105,995	1,668			(104,327)		
Planning and community development	451,061		349,356		(101,705)		
Interest on long-term debt	36,007				(36,007)		
Total governmental activities	7,865,233	1,254,770	1,526,652	2,251	(5,081,560)		
Business-type activities:							
Water system	940,469	968,561				\$ 28,092	
Total business-type activities	940,469	968,561	-	-		28,092	
Total primary government	\$ 8,805,702	\$ 2,223,331	\$ 1,526,652	\$ 2,251	(5,081,560)	28,092	
Component units:							
Development Authority	\$ 32,620		\$ 20,000				\$ (12,620)
Department of Public Health	148,808	49,003	218,049				\$ 118,244
Total component units	\$ 181,428	\$ 49,003	\$ 238,049	\$ -			(12,620)
General revenues:							
Taxes:							
Property					3,301,481		
Sales					1,461,082		
Insurance premiums					330,026		
Motor vehicle and mobile home					322,855		
Alcoholic beverage					41,895		
Other					150,709		
Interest revenue					35,253	249	606
Total general revenues					5,643,301	249	606
Change in net position					561,741	28,341	(12,014)
Net position, beginning of year					13,335,668	808,402	454,674
Net position, end of year					\$ 13,897,409	\$ 836,743	\$ 442,660
							\$ 68,611

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

TALBOT COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	Major Governmental Fund Types			Nonmajor Governmental Fund Types Other Governmental Funds	Total Governmental Funds
<u>Assets</u>	<u>General</u>	<u>TIA</u>	<u>SPLOST</u>		
Cash	\$ 5,520,802	\$ 929,297	\$ 2,493,169	\$ 196,878	\$ 9,140,146
Receivables (net where applicable of allowances for uncollectibles):					
Taxes	372,193				372,193
Accounts	74,553				74,553
Intergovernmental	502,098	65,211	126,269	24,089	717,667
Due from other funds	259,397				259,397
Prepaid expenditures	39,736				39,736
Total assets	\$ 6,768,779	\$ 994,508	\$ 2,619,438	\$ 220,967	\$ 10,603,692
<u>Liabilities</u>					
Accounts payable - Trade	\$ 150,023	\$ 61,911	\$ 22,047	\$ 24,398	\$ 258,379
Due to other funds				55	55
Unearned revenue	36,448				36,448
Total liabilities	186,471	61,911	22,047	24,453	294,882
<u>Deferred inflows of resources</u>					
Unavailable revenue - property taxes	240,008				240,008
Total deferred inflows of resources	240,008	-	-	-	240,008
<u>Fund balances</u>					
Fund balances:					
Nonspendable - prepaid items	39,736				39,736
Restricted for:					
Capital projects			2,597,391		2,597,391
Public safety				180,923	180,923
Public works		932,597			932,597
Judicial				15,591	15,591
Unassigned	6,302,564				6,302,564
Total fund balances	6,342,300	932,597	2,597,391	196,514	10,068,802
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,768,779	\$ 994,508	\$ 2,619,438	\$ 220,967	\$ 10,603,692

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

TALBOT COUNTY, GEORGIA
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL
ACTIVITIES ON THE STATEMENT OF NET POSITION
June 30, 2019

Fund balances - Total governmental funds	\$ 10,068,802
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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:

Add, capital assets	11,081,677
Deduct, accumulated depreciation	(5,657,084)

Long-term debt and obligations applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances at June 30, 2019 are:

Note payable	\$ (133,547)	
Capital leases	(1,000,613)	
Compensated absences	(89,009)	
Landfill post-closure costs	(612,825)	
Total long-term debt and obligations		(1,835,994)

In governmental funds, revenues must meet the availability test before they can be recognized. That is, they must be collected within 60 days after year end to be used to pay the period's current liabilities. However, no similar requirement applies in the government-wide statements. Therefore unavailable revenue balances reported on the balance sheet of governmental funds must be reversed and recognized as current period revenue. In addition, the governmental fund revenue will also be adjusted at the government-wide level for the change during the year in the balance of unavailable revenues:

Unavailable property taxes arising from ability to collect after 60 days from year end	240,008
Net position of governmental activities	\$ 13,897,409

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	Major Governmental Fund Types			Nonmajor Governmental Fund Types	Total Governmental Funds
	General	TIA	SPLOST	Other Governmental Funds	
Revenues:					
Taxes:					
Property	\$ 3,305,694				\$ 3,305,694
Sales	368,705	\$ 514,776	\$ 577,601		1,461,082
Insurance premium	330,026				330,026
Motor vehicle and mobile home	322,855				322,855
Alcoholic beverage	41,895				41,895
Other	150,709				150,709
Licenses and permits	40,016				40,016
Charges for services	913,061				913,061
Fines, forfeitures, and court fees	183,617			\$ 33,074	216,691
Grants and subsidies	1,125,720			349,356	1,475,076
Interest revenue	35,088		2,251	165	37,504
Other revenue	85,002				85,002
Total revenues	6,902,388	514,776	579,852	382,595	8,379,611
Expenditures:					
Current:					
General government	1,868,618				1,868,618
Judicial system	486,886			1,088	487,974
Public safety	1,812,706			16,508	1,829,214
Public works	1,347,302	358,570			1,705,872
Health and welfare	574,733				574,733
Culture and recreation	66,255				66,255
Planning and community development	101,079			349,356	450,435
Intergovernmental support			57,040		57,040
Debt service:					
Principal payments	256,140	79,956			336,096
Interest payments	14,630	21,377			36,007
Capital outlay:					
General government	59,076		2,478		61,554
Public safety	238,520		56,144	675	295,339
Public works	4,500	757,475	119,119		881,094
Culture and recreation			2,559		2,559
Total expenditures	6,830,445	1,217,378	237,340	367,627	8,652,790
Excess (deficiency) of revenues over (under) expenditures	71,943	(702,602)	342,512	14,968	(273,179)
Other financing sources (uses):					
Transfers out	(4,157)				(4,157)
Transfers in		4,157			4,157
Capital lease	135,932	686,869			822,801
Sale of capital assets	202,000				202,000
Total other financing sources (uses)	333,775	691,026	-	-	1,024,801
Net change in fund balances	405,718	(11,576)	342,512	14,968	751,622
Fund balances, beginning of year	5,936,582	944,173	2,254,879	181,546	9,317,180
Fund balances, end of year	\$ 6,342,300	\$ 932,597	\$ 2,597,391	\$ 196,514	\$ 10,068,802

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

TALBOT COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Net changes in fund balances - Total governmental funds \$ 751,622

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

Governmental funds report capital outlays. 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 capital outlay (\$1,090,139) exceeded depreciation (\$555,256) in the current period. 534,883

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, donations) is to decrease net position. (220,388)

The issuance of long-term debt (e.g. bonds, leases) 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 assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (486,705)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment consists of the change of one balance:

Compensated absences (13,458)

In governmental funds, revenues must meet the availability test before they can be recognized. That is, they must be collected within 60 days after year end to be used to pay the period's current liabilities. However, no similar requirement applies to the government-wide Statement of Activities. Therefore, unavailable revenue amounts are reversed on the Statement of Net Position and recognized as current period revenue on the Statement of Activities:

Net decrease in unavailable revenue from June 30, 2018 (\$244,221) to
June 30, 2019 (\$240,008) (4,213)

Change in net position of governmental activities \$ 561,741

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 3,314,217	\$ 3,314,217	\$ 3,305,694	\$ (8,523)
Sales	300,000	300,000	368,705	68,705
Insurance premium	306,071	306,071	330,026	23,955
Motor vehicle and mobile home	306,173	306,173	322,855	16,682
Alcoholic beverage	25,000	25,000	41,895	16,895
Other	148,564	148,564	150,709	2,145
Licenses and permits	30,100	30,100	40,016	9,916
Charges for services	871,329	871,329	913,061	41,732
Fines, forfeitures, and court fees	174,000	174,000	183,617	9,617
Grants and subsidies	1,080,329	1,080,329	1,125,720	45,391
Interest revenue	14,500	14,500	35,088	20,588
Other revenue	445,359	445,359	85,002	(360,357)
Total revenues	7,015,642	7,015,642	6,902,388	(113,254)
Expenditures:				
Current:				
General government:				
General administration	510,972	510,972	477,927	33,045
County commissioners	312,456	312,456	310,528	1,928
Tax commissioners	273,160	286,930	286,927	3
Tax assessors	327,662	327,662	272,599	55,063
Elections	218,329	218,329	191,410	26,919
Public buildings	487,684	487,684	329,227	158,457
Total general government	2,130,263	2,144,033	1,868,618	275,415
Judicial system:				
Probate court	182,782	187,800	187,727	73
Clerk of superior court	189,428	189,900	189,843	57
Magistrate	25,220	25,220	20,380	4,840
Appeal administration	14,020	14,020	9,377	4,643
Other court services	79,850	79,850	79,559	291
Total judicial system	491,300	496,790	486,886	9,904
Public safety:				
Ambulance service	591,594	616,903	616,903	-
Coroner	20,179	21,000	20,742	258
Fire	90,170	110,000	109,614	386
Animal control	28,912	28,912	27,528	1,384
Sheriff and jail	1,099,316	1,099,316	971,957	127,359
EMA services	66,715	66,715	31,056	35,659
Regional E-911	34,906	34,906	34,906	-
Total public safety	1,931,792	1,977,752	1,812,706	165,046

Continued.....

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2019
(Continued)

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Public works:				
Landfill	358,596	363,390	363,386	4
Public works	1,011,311	1,011,311	983,916	27,395
Total public works	1,369,907	1,374,701	1,347,302	27,399
Health and welfare:				
Transit	416,202	416,202	361,593	54,609
Nutrition	128,895	128,895	127,430	1,465
Health appropriations	86,409	86,409	85,710	699
Total health and welfare	631,506	631,506	574,733	56,773
Culture and recreation:				
Parks	37,019	37,019	33,031	3,988
Library	33,724	33,724	33,224	500
Total culture and recreation	70,743	70,743	66,255	4,488
Planning and community development:				
County agent	47,086	47,086	23,125	23,961
Building and zoning	64,469	64,469	57,417	7,052
Planning and community development appropriations	20,841	20,841	20,537	304
Total planning and community development	132,396	132,396	101,079	31,317
Debt service:				
Principal	135,427	256,140	256,140	-
Interest		14,630	14,630	-
Total debt service	135,427	270,770	270,770	-
Capital outlay:				
General government	65,408	65,408	59,076	6,332
Judicial system	2,250	2,250		2,250
Public safety	54,650	238,520	238,520	-
Public works		4,500	4,500	-
Total capital outlay	122,308	310,678	302,096	8,582
Total expenditures	7,015,642	7,409,369	6,830,445	578,924
Excess (deficiency) of revenues over (under) expenditures	-	(393,727)	71,943	465,670
Other financing sources (uses):				
Transfers out			(4,157)	(4,157)
Sale of capital assets		202,000	202,000	-
Capital lease		135,932	135,932	-
Total other financing sources (uses)	-	337,932	333,775	(4,157)
Net change in fund balances	-	(55,795)	405,718	461,513
Fund balances, beginning of year	5,936,582	5,936,582	5,936,582	-
Fund balances, end of year	\$ 5,936,582	\$ 5,880,787	\$ 6,342,300	\$ 461,513

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TIA
Year Ended June 30, 2019

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Taxes - sales	\$ 514,776	\$ 514,776	\$ -
Total revenues	<u>514,776</u>	<u>514,776</u>	<u>-</u>
Expenditures:			
Current:			
Public works	358,570	358,570	-
Debt Service:			
Principal payments	79,956	79,956	-
Interest payments	21,377	21,377	-
Capital outlay:			
Public works	<u>757,475</u>	<u>757,475</u>	<u>-</u>
Total expenditures	<u>1,217,378</u>	<u>1,217,378</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(702,602)</u>	<u>(702,602)</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	4,157	4,157	-
Capital lease	<u>686,869</u>	<u>686,869</u>	<u>-</u>
Total other financing sources (uses)	<u>691,026</u>	<u>691,026</u>	<u>-</u>
Net change in fund balances	(11,576)	(11,576)	-
Fund balances, beginning of year	<u>944,173</u>	<u>944,173</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 932,597</u></u>	<u><u>\$ 932,597</u></u>	<u><u>\$ -</u></u>

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

TALBOT COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business-Type Activities Major Fund Type <u>Water System</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 184,210
Receivables (net where applicable of allowance for uncollectible):	
Accounts	166,607
Intergovernmental	20,861
Inventory	10,540
Restricted cash	171,987
Total current assets	<u>554,205</u>
Noncurrent assets:	
Capital assets not being depreciated	19,600
Capital assets being depreciated, net of accumulated depreciation	<u>2,235,178</u>
Total noncurrent assets	<u>2,254,778</u>
Total assets	<u>2,808,983</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	56,944
Customer deposits	133,242
Due to other funds	259,342
Accrued interest	6,202
Compensated absences, current portion	3,840
Leases payable, current portion	14,952
Revenue bonds, current portion	70,139
Total current liabilities	<u>544,661</u>
Noncurrent liabilities:	
Compensated absences payable	8,960
Revenue bonds payable	<u>1,418,619</u>
Total noncurrent liabilities	<u>1,427,579</u>
Total liabilities	<u>1,972,240</u>
<u>Net Position</u>	
Net invested in capital assets	751,068
Unrestricted	<u>85,675</u>
Total net position	<u>\$ 836,743</u>

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2019

	Business-Type Activities Major Fund Types <u>Water System</u>
Operating revenues:	
Charges for services	\$ 906,534
Penalties	31,890
Miscellaneous	<u>30,137</u>
Total operating revenue	<u>968,561</u>
Operating expenses:	
Salaries and benefits	232,544
Water purchases	259,072
Services and supplies	98,466
Depreciation and amortization	157,733
Other operating	<u>113,200</u>
Total operating expenses	<u>861,015</u>
Operating income (loss)	<u>107,546</u>
Nonoperating revenues (expenses):	
Interest income	249
Interest expense	<u>(79,454)</u>
Total nonoperating revenues (expenses)	<u>(79,205)</u>
Change in net position	28,341
Net position, beginning of year	<u>808,402</u>
Net position, end of year	<u><u>\$ 836,743</u></u>

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

TALBOT COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2019

	Business-Type Activities Major Fund Types <u>Water System</u>
Cash flows from operating activities:	
Receipts from customers	\$ 931,686
Refund of customer deposits	(4,202)
Payments to employees	(234,356)
Payments to vendors	(540,435)
Net cash provided (used) by operating activities	<u>152,693</u>
Cash flows from capital and related financing activities:	
Principal paid on capital lease	(14,173)
Principal paid on revenue bonds	(65,519)
Interest paid on capital debt	(80,015)
Net cash provided (used) by capital and related financing activities	<u>(159,707)</u>
Cash flows from investing activities:	
Interest income	<u>249</u>
Net cash provided (used) by investing activities	<u>249</u>
Net increase (decrease) in cash	(6,765)
Cash, beginning of year	<u>362,962</u>
Cash, end of year	<u><u>\$ 356,197</u></u>
Reported on balance sheet as:	
Cash	\$ 184,210
Restricted cash	<u>171,987</u>
Total cash per balance sheet	<u><u>\$ 356,197</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 107,546
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	157,733
(Increase) decrease in:	
Accounts receivable-Accounts	(16,014)
Accounts receivable-Intergovernmental	(20,861)
Inventories	246
Increase (decrease) in:	
Due to other funds	(47,443)
Customer deposits	(4,202)
Accounts payable	(22,500)
Compensated absences	(1,812)
Net cash provided by operating activities	<u><u>\$ 152,693</u></u>

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

TALBOT COUNTY, GEORGIA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2019

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	\$ 309,157
Taxes receivable	<u>355,405</u>
Total assets	<u>\$ 664,562</u>
<u>Liabilities</u>	
Due to others	<u>\$ 664,562</u>
Total liabilities	<u>\$ 664,562</u>

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

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Talbot County, Georgia (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.

The following is a summary of the County's more significant accounting policies used in the preparation of the accompanying financial statements.

A. The Reporting Entity

The accompanying financial statements present the County's primary government and discretely presented component units over which the County exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the County (as distinct from legal relationships).

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the Talbot County Department of Public Health and the Development Authority of Talbot County, the County's only component units. Copies of the component units' financial statements may be obtained from the County Commissioners office.

Information regarding the component units reported in the County's financial statements is listed below:

<u>Discretely Presented Component Unit</u>	<u>Brief Description of Activities and Relationship to the County</u>
Talbot County Department of Public Health	Provides medical services and health education to the citizens of Talbot 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.
Development Authority of Talbot County	Identifies, attracts and locates new business, industry and tourism in Talbot 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.

Both the Development Authority of Talbot County and the Talbot County Department of Public Health are presented as discretely presented component units. Both component units are presented as governmental fund types. The County has omitted all of the disclosures related to the Talbot County Department of Public Health except those considered to be significant to the County's Financial Statements.

Related Organizations - Based upon GASB criteria, the following related organizations are excluded from the financial reporting entity because the County's accountability does not extend beyond making appointments or providing limited financial support:

Talbot County Board of Education
Talbot County Department of Family and Children Services
Talbot County Forestry Commission
Talbot County Housing Authority

Disbursements for these units based on contractual agreements have been budgeted and expended as part of regular operations of the County.

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(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 nonfiduciary activities of the primary government and its component units. 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for 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. Nonmajor funds are aggregated and presented in a single column on the governmental financial statements.

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

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

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, grants from other governments, charges for services and interest 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 County reports the following major governmental funds:

General Fund - 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.

TIA Fund - The TIA Fund is a special revenue fund established to account for the County's share of Transportation Investment Act sales tax.

SPLOST Fund - The SPLOST Fund is a capital projects fund established to account for major capital expenditures financed by special local option sales tax receipts.

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

The County also reports the following major proprietary fund:

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

Additionally, the County reports the following nonmajor governmental funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

The County also reports the following fiduciary fund type:

Agency Funds - Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Current Agency Funds held by the County are as follows:

Tax Commissioner
Sheriff
Magistrate Court
Probate Court
Superior Court

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 *nonoperating* 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 nonoperating 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.

D. 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:

- a. 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.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. The budget is legally enacted through passage of an ordinance.

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

- d. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- e. The Capital Projects Fund is budgeted on a project basis, which may be one or more years in length.
- f. 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.

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

E. 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.

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities; bonds or certificates of indebtedness of the State of Georgia and of its agencies and instrumentalities; certificates of deposit of banks insured by the FDIC to the extent that such investments are legal investments; repurchase agreements; and the Local Government Investment Pool, administered by the State of Georgia.

Investments for the County, as well as for its component units are reported at fair value. Neither the County, nor its component units, have any investments at year end.

F. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable/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.

The County's property tax is levied on approximately October 15 on the assessed values for all real and personal property, including mobile homes and motor vehicles located in the County. The billings are considered due December 20. At December 21, the bill becomes delinquent, the applicable property is subject to lien, and penalties and interest may be assessed by the County.

All property taxes levied for the current and any previous years, but not received as of June 30, 2019, 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 an Agency Fund.

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

G. Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method and consists of expendable supplies. The County uses the consumption method to record inventory, which means that inventory acquisitions are recorded in inventory accounts when purchased and charged as expenditures or expenses when used. At year end, only the County's business-type activities had inventory balances on the financials.

H. Prepaid Items

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

I. Restricted Cash

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

J. 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets 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

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

K. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the County has no items that qualify for reporting as a deferred outflow of resources. The Talbot County Department of Public Health has two items reflecting other post-employment benefit related items.

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 net position 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 only one type of 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. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Talbot County Department of Public Health has one item which reflects pension related items, and three items reflecting other post-employment benefit related items.

L. Compensated Absences

The County changed its policy in fiscal year June 30, 2018 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.

M. 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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

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 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.

N. Fund Equity

Beginning with fiscal year ending June 30, 2011, the County implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength to the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid items) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The County Board of Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the County Board of Commissioners through adoption or amendment of the budget as intended for specific purpose (such as purchase of capital assets, construction, debt service, or for other purposes). It is the County's policy to use restricted fund balances first, followed by committed, assigned, and then unassigned amounts, respectively.

O. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Use of Estimates to Prepare Financial Statements

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Q. Subsequent Events

Subsequent events have been evaluated by management through November 21, 2019, which is the date the financial statements were available to be issued.

2. DEPOSITS AND INVESTMENTS

Primary Government

At year end, the County had \$650 in petty cash on hand and the carrying amount of the County's deposits (checking, savings and certificates of deposit) was \$9,804,850 and the bank balance was \$9,903,758. Of the bank balance, \$1,100,012 was covered by federal depository insurance and \$8,803,746 was covered by collateral held in the pledging bank's trust department or by its agent in the County's name. The County does not have a deposit policy for custodial credit risk.

Discretely Presented Component Unit

At year end, the carrying amount of the Development Authority of Talbot County, a component unit of the County, deposits (checking and certificates of deposit) was \$292,702 and the bank balance was \$292,702. Of the bank balance, \$263,610 was covered by federal depository insurance and \$29,092 was covered by collateral held in the pledging bank's trust department or by its agent in the Authority's name.

The Authority does not have a deposit policy for custodial credit risk.

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

3. CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 278,681			\$ 278,681
Construction in progress	217,209			217,209
Total capital assets, not being depreciated	495,890	\$ -	\$ -	495,890
Capital assets, being depreciated:				
Buildings and structures	4,362,209			4,362,209
Improvements	555,149			555,149
Machinery and equipment	4,494,327	1,042,039	(440,778)	5,095,588
Infrastructure	524,741	48,100		572,841
Total capital assets, being depreciated	9,936,426	1,090,139	(440,778)	10,585,787
Less, accumulated depreciation for:				
Buildings and structures	(1,605,563)	(113,671)		(1,719,234)
Improvements	(249,169)	(26,037)		(275,206)
Machinery and equipment	(3,386,136)	(402,429)	220,390	(3,568,175)
Infrastructure	(81,350)	(13,119)		(94,469)
Total accumulated depreciation	(5,322,218)	(555,256)	220,390	(5,657,084)
Total capital assets, being depreciated, net	4,614,208	534,883	(220,388)	4,928,703
Governmental activities capital assets, net	\$5,110,098	\$ 534,883	\$ (220,388)	\$5,424,593
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 19,600			\$ 19,600
Total capital assets, not being depreciated	19,600	\$ -	\$ -	19,600
Capital assets, being depreciated:				
Machinery and equipment	171,594			171,594
Transportation equipment	133,015			133,015
Water system	5,949,344			5,949,344
Total capital assets, being depreciated	6,253,953	-	-	6,253,953
Less, accumulated depreciation for:				
Machinery and equipment	(170,537)	(118)		(170,655)
Transportation equipment	(96,681)	(8,980)		(105,661)
Water system	(3,593,824)	(148,635)		(3,742,459)
Total accumulated depreciation	(3,861,042)	(157,733)	-	(4,018,775)
Total capital assets, being depreciated, net	2,392,911	(157,733)	-	2,235,178
Business-type activities capital assets, net	\$2,412,511	\$ (157,733)	\$ -	\$2,254,778

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

Governmental activities:	
General government	\$ 75,162
Judicial system	1,942
Public safety	131,574
Public works	275,339
Health and welfare	33,432
Culture and recreation	37,181
Planning and community development	626
Total depreciation expense - governmental activities	<u>\$ 555,256</u>

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

Business-type activities:
Water system

\$ 157,733

Discretely Presented Component Unit

The Development Authority of Talbot County's capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 123,336	\$ -	\$ -	\$ 123,336
Capital assets being depreciated:				
Buildings	91,665			91,665
Furniture and equipment	1,442			1,442
Total capital assets being depreciated	93,107	-	-	93,107
Less, accumulated depreciation for:				
Buildings	(50,816)	(3,056)		(53,872)
Furniture and equipment	(1,442)			(1,442)
Total accumulated depreciation	(52,258)	(3,056)	-	(55,314)
Total capital assets being depreciated, net	40,849	(3,056)	-	37,793
Development Authority of Talbot County capital assets, net	<u>\$ 164,185</u>	<u>\$ (3,056)</u>	<u>\$ -</u>	<u>\$ 161,129</u>

Depreciation expense of the Development Authority of Talbot County was charged to functions as follows:

Business promotion and tourism \$ 3,056

4. LONG-TERM DEBT

A. Revenue Bonds

Primary Government

The County's Water System Fund issued direct placement revenue bonds to make additions and improvements to the County's water system. The bonds are repaid through annual and monthly installments from the Water System Fund. The original amount of revenue bonds issued in prior years is \$2,439,800. These bonds are secured by a pledge of revenue derived from the ownership and operation of the water system. Revenue bonds outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Improvements to water system - Water System Fund	5.000%	\$ 14,000
Improvements and additions to water system - Water System Fund	5.250%	604,997
Improvements and additions to water system - Water System Fund	5.125%	210,118
Water revenue refunding and improvements - Water System Fund	5.000%	<u>659,643</u>
		<u>\$ 1,488,758</u>

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

	Business-Type Activities	
	Principal	Interest
Year ending June 30:		
2020	\$ 70,139	\$ 75,193
2021	59,307	71,325
2022	62,438	68,194
2023	65,734	64,898
2024	69,035	61,597
2025-2029	404,654	248,506
2030-2034	478,766	130,269
2035-2039	205,145	45,655
2040-2041	73,540	3,006
	<u>\$ 1,488,758</u>	<u>\$ 768,643</u>

The County is in compliance with the covenants as to rates, fees, and charges in the bond agreements, authorizing the issuance of the Water Revenue Bonds. The bond agreement in Section 15 requires the County to establish a schedule of rates, fees, and charges sufficient to produce net revenues at least equal to 1.10 times the amounts required in any sinking fund year to pay the principal and interest on all bonds. The debt service coverage ratio calculation for the year ended June 30, 2019 is as follows:

Operating revenues	\$ 968,561
Operating expenses (less depreciation)	703,282
Non operating revenues	<u>249</u>
Income available for debt service	265,528
Debt service, principal and interest paid (revenue bond only)	143,932
Debt service coverage ratio	1.84

B. Note Payable

Primary Government

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. In the event of default the US Department of Agriculture may declare all or any part of the indebtedness immediately due and payable.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Renovations of courthouse	4.125%	<u>\$ 133,547</u>

Note payable debt service requirements to maturity are as follows:

	Governmental Activities	
	Principal	Interest
Year ending June 30:		
2020	\$ 59,412	\$ 5,533
2021	61,862	3,082
2022	12,273	590
	<u>\$ 133,547</u>	<u>\$ 9,205</u>

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

C. Capital Lease

Primary Government

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 two leases were executed August 2017 and September 2017. Title passes to the County at the end of the lease term.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 1,251,712	\$ 44,900
Less, accumulated depreciation	(492,347)	(17,546)
	<u>\$ 759,365</u>	<u>\$ 27,354</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 are as follows:

	Governmental Activities	Business-type Activities
Year ending June 30:		
2020	\$ 352,503	\$ 15,775
2021	122,281	
2022	115,299	
2023	237,364	
2024	249,363	
Total minimum lease payments	1,076,810	15,775
Less, amount representing interest	(76,197)	(823)
Present value of minimum lease payments	<u>\$ 1,000,613</u>	<u>\$ 14,952</u>

D. Changes in Long-Term Debt

Primary Government

Long-term debt activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Governmental activities:					
Direct borrowing note payable	\$ 190,605		\$ 57,058	\$ 133,547	\$ 59,412
Capital leases	456,850	\$ 822,801	279,038	1,000,613	326,679
Governmental activity long-term debt	<u>\$ 647,455</u>	<u>\$ 822,801</u>	<u>\$ 336,096</u>	<u>\$ 1,134,160</u>	<u>\$ 386,091</u>

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Business-type activities:					
Direct placement revenue bonds	\$ 1,554,277		\$ 65,519	\$ 1,488,758	\$ 70,139
Capital leases	29,125		14,173	14,952	14,952
Business-type activity long-term debt	<u>\$ 1,583,402</u>	<u>\$ -</u>	<u>\$ 79,692</u>	<u>\$ 1,503,710</u>	<u>\$ 85,091</u>

5. OTHER LONG-TERM OBLIGATIONS

Primary Government

A. Compensated Absences

The County accrues compensated absences for the employees. Both the governmental activities and business-type activities of the County have compensated absences at June 30, 2019. Accrued compensated absences for the governmental activities are repaid through the General Fund and business-type activities are paid through the Water Fund.

B. Landfill Postclosure Costs

The Talbot County landfill ceased operation in April, 1994. State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and perform certain maintenance and monitoring functions at the site for thirty years after closure. The recognition of the liability for closure and postclosure care costs is based on landfill capacity used to date. As of June 30, 2019, 100% of the landfill capacity had been used and the landfill has no remaining life. The \$612,825 reported in the governmental activities long-term obligations on the government-wide financials as landfill postclosure costs at June 30, 2019 represents the unpaid closure and postclosure costs based upon the most current estimate available, and there is no unrecognized liability at June 30, 2019. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. This obligation has been frozen due to guidelines from EPA.

Financial expenditures associated with the landfill are being repaid through the General Fund.

C. Changes in Other Long-Term Obligations

Primary Government

Long-term obligations activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Governmental activities:					
Compensated absences	\$ 75,551	\$ 13,458	\$ -	\$ 89,009	\$ 26,703
Landfill postclosure costs	612,825			612,825	
	<u>\$ 688,376</u>	<u>\$ 13,458</u>	<u>\$ -</u>	<u>\$ 701,834</u>	<u>\$ 26,703</u>
Business-type activities:					
Compensated absences	<u>\$ 14,612</u>	<u>\$ -</u>	<u>\$ 1,812</u>	<u>\$ 12,800</u>	<u>\$ 3,840</u>

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2019, the County interfund balances due to/from are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Proprietary Fund	\$ 259,342
General Fund	Nonmajor Governmental Fund	55
		\$ 259,397

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments to supplement operations outstanding at year end and other miscellaneous receivables/payables between funds. The amount not expected to be repaid within one year is \$179,000.

Interfund transfers for the year ended June 30, 2019 consist of the following:

Transfer Out	Transfer In
General Fund	TIA Fund
	\$ 4,157

Transfers are used to subsidize expenditures for the TIA fund.

7. PENSION PLAN AND OTHER RETIREMENT BENEFITS

Primary Government

A. Pension Plan

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, 2019 was \$134,244. Total payroll for the year ended June 30, 2019 was \$2,566,233.

B. Other Retirement Benefits

The County participates in the following cost-sharing, multiple employer defined benefit pension plans with a special funding situation. Each fund issues plan reports which can be obtained from the plan administrators:

Sheriff's Retirement Fund of Georgia
Judges of the Probate Courts Retirement Fund of Georgia
Peace Officers' Annuity and Benefit Fund
Superior Court Clerks' Retirement Fund of Georgia

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.

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

9. LITIGATION

Any pending law suits at June 30, 2019 are covered by insurance and should not materially affect the financial statements of Talbot County, Georgia.

10. CONTINGENT LIABILITIES

The activities of the General Fund include revenues received from Federal and State governments and expenditures related to Federal and State funded grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies' audits cannot be determined at this time, although the County believes it is in compliance with all related program requirements.

The County has a joint services contract with the City of Manchester, Georgia which entitles the County to 29% of the City's total water treatment plant capacity, 29% of the total reservoir capacity, and 29% of total water line capacity. During fiscal year ending June 30, 2019 the County's cost of water purchases through this contract totaled \$139,317, which included \$25,634 for an adjustment to the water rates for major repairs to the system mandated by State and Federal agencies. The County expects to incur more repairs and maintenance for the water treatment plant in future periods but the amount has not been determined.

11. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The County maintains commercial insurance coverage covering each of the above risks of loss.

There were no significant reductions of insurance coverage from coverage in the prior year.

Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the County.

Settled claims in the past three years have not exceeded the coverage.

Risk Pool - The County has elected to be a member of the Association County Commissioners of Georgia Group Self Insurance Workers' Compensation Fund (GSIWCF), a self-insurance risk pool created under Georgia law. As a participant in the GSIWCF, the County has no legal obligation to pay its own workers' compensation claims. The County is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the County's annual contribution, the County has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GSIWCF permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. Since excess insurance is purchased by the GSIWCF to protect the Fund from catastrophic losses, no amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

12. JOINT VENTURES

River Valley Regional Commission - Under Georgia law, the County, in conjunction with other cities and counties in the 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, 2019, the County paid \$4,703 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes members from each county of the area. OCGA 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
P.O. Box 1908
Columbus, Georgia 31902

TALBOT COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019
(Continued)

Middle Flint Regional E9-1-1 Authority – Pursuant to the authority granted in OCGA Section 46-5-120 et. Seq., Talbot County is a "Participating County", together with Dooly, Macon, Marion, Schley, Sumter, Taylor, and Webster Counties, in the Middle Flint Regional E9-1-1 Authority (the "Authority"). The Authority is governed by an eight member board appointed by the participating counties. The Authority maintains custody and control of the equipment and furnishings at the E-911 Center, located in Ellaville, Georgia. Each Participating County holds interest in the title to the equipment in such portion as each county has subscribers as of January 1 of each year. The E-911 Center receives telephone calls relating to public safety and it provides emergency call answering services and dispatching. Funding for the E-911 Center is derived from a surcharge added to telephone subscribers in the eight Participating Counties. Operating costs not covered by the surcharge are paid by the Participating Counties on a pro-rata share determined by the revenue collections in each county. Talbot County contributed \$34,906 to the Authority during the twelve months ended June 30, 2019. Financial statements for the Middle Flint Regional E9-1-1 Authority can be obtained from:

Middle Flint Regional E9-1-1 Authority
222 Hayes Avenue
Ellaville, Georgia 31806

TALBOT COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Grant Funds	Law Library	Jail	DATE	Sheriff Drug Fund	
<u>Assets</u>						
Cash		\$ 15,591	\$ 126,014	\$ 48,053	\$ 7,220	\$ 196,878
Receivable-Intergovernmental	\$ 24,089					24,089
Total assets	<u>\$ 24,089</u>	<u>\$ 15,591</u>	<u>\$ 126,014</u>	<u>\$ 48,053</u>	<u>\$ 7,220</u>	<u>\$ 220,967</u>
<u>Liabilities</u>						
Accounts payable	\$ 24,089			\$ 309		\$ 24,398
Due to other funds				55		55
Total liabilities	<u>24,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>364</u>	<u>\$ -</u>	<u>24,453</u>
<u>Fund Balances</u>						
Restricted for:						
Law library		15,591				15,591
Jail			126,014			126,014
DATE				47,689		47,689
Sheriff drug fund					7,220	7,220
Total fund balances	<u>-</u>	<u>15,591</u>	<u>126,014</u>	<u>47,689</u>	<u>7,220</u>	<u>196,514</u>
Total liabilities and fund balances	<u>\$ 24,089</u>	<u>\$ 15,591</u>	<u>\$ 126,014</u>	<u>\$ 48,053</u>	<u>\$ 7,220</u>	<u>\$ 220,967</u>

TALBOT COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Grant Funds	Law Library	Jail	DATE	Sheriff Drug fund	
Revenues:						
Fines, forfeitures, and court fees		\$ 3,148	\$ 14,225	\$ 5,144	\$ 10,557	\$ 33,074
Grant income	\$ 349,356					349,356
Interest			109	47	9	165
Total revenues	349,356	3,148	14,334	5,191	10,566	382,595
Expenditures:						
Current:						
Judicial system		1,088				1,088
Planning and community development	349,356					349,356
Public safety				3,530	12,978	16,508
Capital outlay:						
Public safety					675	675
Total expenditures	349,356	1,088	-	3,530	13,653	367,627
Excess (deficiency) of revenues over (under) expenditures	-	2,060	14,334	1,661	(3,087)	14,968
Net change in fund balances	-	2,060	14,334	1,661	(3,087)	14,968
Fund balances, beginning of year	-	13,531	111,680	46,028	10,307	181,546
Fund balances, end of year	\$ -	\$ 15,591	\$ 126,014	\$ 47,689	\$ 7,220	\$ 196,514

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - GRANT FUNDS
Year Ended June 30, 2019

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Grants and subsidies	\$ 349,356	\$ 349,356	\$ -
Total revenues	349,356	349,356	-
Expenditures:			
Current:			
Planning and community development	349,356	349,356	-
Total expenditures	349,356	349,356	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - LAW LIBRARY
Year Ended June 30, 2019

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures, and court fees	\$ 3,148	\$ 3,148	\$ -
Total revenues	3,148	3,148	-
Expenditures:			
Current:			
Judicial system - Law library	1,088	1,088	-
Total expenditures	1,088	1,088	-
Excess (deficiency) of revenues over (under) expenditures	2,060	2,060	-
Net change in fund balances	2,060	2,060	-
Fund balances, beginning of year	13,531	13,531	-
Fund balances, end of year	\$ 15,591	\$ 15,591	\$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - JAIL
Year Ended June 30, 2019

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures, and court fees	\$ 14,225	\$ 14,225	\$ -
Interest	109	109	-
	<u>14,334</u>	<u>14,334</u>	<u>-</u>
Total revenues	<u>14,334</u>	<u>14,334</u>	<u>-</u>
Expenditures:			
Capital outlay:			
Public safety			-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,334</u>	<u>14,334</u>	<u>-</u>
Net change in fund balances	14,334	14,334	-
Fund balances, beginning of year	<u>111,680</u>	<u>111,680</u>	<u>-</u>
Fund balances, end of year	<u>\$ 126,014</u>	<u>\$ 126,014</u>	<u>\$ -</u>

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - DATE
Year Ended June 30, 2019

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures, and court fees	\$ 5,144	\$ 5,144	\$ -
Interest	47	47	-
Total revenues	5,191	5,191	-
Expenditures:			
Current:			
Public safety	3,530	3,530	-
Total expenditures	3,530	3,530	-
Excess (deficiency) of revenues over (under) expenditures	1,661	1,661	-
Net change in fund balances	1,661	1,661	-
Fund balances, beginning of year	46,028	46,028	-
Fund balances, end of year	\$ 47,689	\$ 47,689	\$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - SHERIFF DRUG FUND
Year Ended June 30, 2019

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines and forfeitures	\$ 10,557	\$ 10,557	\$ -
Interest	9	9	-
	<u>10,566</u>	<u>10,566</u>	<u>-</u>
Total revenues			
Expenditures:			
Current:			
Public safety	12,978	12,978	-
Capital outlay:			
Public safety	675	675	-
	<u>13,653</u>	<u>13,653</u>	<u>-</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(3,087)</u>	<u>(3,087)</u>	<u>-</u>
Net change in fund balances	(3,087)	(3,087)	-
Fund balances, beginning of year	<u>10,307</u>	<u>10,307</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,220</u>	<u>\$ 7,220</u>	<u>\$ -</u>

TALBOT COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<u>TAX COMMISSIONER</u>				
<u>ASSETS</u>				
Cash	\$ 133,292	\$ 7,925,691	\$ 7,911,742	\$ 147,241
Receivables, taxes	334,415	355,405	334,415	355,405
Total assets	<u>\$ 467,707</u>	<u>\$ 8,281,096</u>	<u>\$ 8,246,157</u>	<u>\$ 502,646</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 467,707</u>	<u>\$ 502,646</u>	<u>\$ 467,707</u>	<u>\$ 502,646</u>
<u>CLERK SUPERIOR COURT</u>				
<u>ASSETS</u>				
Cash	<u>\$ 147,649</u>	<u>\$ 127,791</u>	<u>\$ 131,057</u>	<u>\$ 144,383</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 147,649</u>	<u>\$ 144,383</u>	<u>\$ 147,649</u>	<u>\$ 144,383</u>
<u>PROBATE COURT</u>				
<u>ASSETS</u>				
Cash	<u>\$ 19,306</u>	<u>\$ 218,459</u>	<u>\$ 222,039</u>	<u>\$ 15,726</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 19,306</u>	<u>\$ 15,726</u>	<u>\$ 19,306</u>	<u>\$ 15,726</u>
<u>MAGISTRATE COURT</u>				
<u>ASSETS</u>				
Cash	<u>\$ 936</u>	<u>\$ 27,903</u>	<u>\$ 28,120</u>	<u>\$ 719</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 936</u>	<u>\$ 719</u>	<u>\$ 936</u>	<u>\$ 719</u>
<u>SHERIFF</u>				
<u>ASSETS</u>				
Cash	<u>\$ 1,088</u>	<u>\$ 9,301</u>	<u>\$ 9,301</u>	<u>\$ 1,088</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 1,088</u>	<u>\$ 1,088</u>	<u>\$ 1,088</u>	<u>\$ 1,088</u>

TALBOT COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended June 30, 2019

<u>Project</u>	<u>Estimated Percent of Completion</u>	<u>Original Estimated Project Amount</u>	<u>Current Estimated Project Amount</u>	<u>Amount Expended Prior Years</u>	<u>Amount Expended Current Year</u>
Resolution #070102:					
Recreational facilities and equipment	73%	\$ 2,000,000	\$ 597,853	\$ 435,187	\$ 927
Public safety facilities	95%	2,000,000	597,853	550,252	15,450
Roads, streets, and bridge purposes	107%	3,500,000	1,046,242	1,117,661	
Courthouse	90%	1,500,000	448,389	404,784	
County Commissioners annex	73%	1,000,000	298,926	217,172	2,478
Resolution #070107:					
Roads, streets, and bridge purposes	60%	\$ 1,200,000		\$ 684,829	\$ 36,142
Public safety facilities	54%	400,000		203,430	13,799
Recreational facilities and equipment	30%	400,000		117,153	1,632
Courthouse	69%	1,600,000		1,109,737	
Town of Geneva	78%	100,000		77,866	
Town of Junction City	78%	100,000		77,866	
City of Talbotton	78%	100,000		77,866	
City of Woodland	78%	100,000		77,866	
Debt service				1,046,054	
Resolution #070114:					
Jail construction	3%	\$ 1,200,000		\$ 39,077	
Roads, streets, and bridge purposes	10%	800,000		88	\$ 82,977
Recreational facilities and equipment	0%	1,200,000			
Public safety facilities and equipment	14%	400,000		30,630	26,895
Town of Geneva	53%	100,000		38,417	14,260
Town of Junction City	53%	100,000		38,416	14,260
City of Talbotton	53%	100,000		38,417	14,260
City of Woodland	53%	100,000		38,417	14,260

TALBOT COUNTY, GEORGIA
SOURCE AND APPLICATION OF FUNDS STATUS REPORT
COMMUNITY DEVELOPMENT BLOCK GRANT
Year Ended June 30, 2019

CDBG 14b-y-130-1-5700:

Total grant	\$ 575,175
Less, total funds drawn down by recipient for the year ended:	
June 30, 2019	(349,356)
June 30, 2018	(32,049)
June 30, 2017	(39,812)
June 30, 2016	<u>(153,958)</u>
Program funds available for future draw down	<u>\$ -</u>
 Total program funds drawn down by recipient for the year ended June 30, 2019	 \$ 349,356
Add, program income applicable to the year ended June 30, 2019	<u>-</u>
Total program funds drawn by recipient and program income for the year ended June 30, 2019	<u>\$ 349,356</u>

TALBOT COUNTY, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
Year Ended June 30, 2019

Activity	Revised Budgeted Expenditures	Year Ended June 30, 2019	Prior Years	Questioned Cost
<u>CDBG 14b-y-130-1-5700:</u>				
A-21A-00	\$ 40,262	\$ 3,262	\$ 37,000	None
C-022-00	7,263			
H-14-A-01	137,801	33,784	104,017	None
H-14A-02	89,229	2,715	76,528	None
P-001-01	15,000	3,148	8,274	None
P-03K-01	149,000	149,000		None
P-03K-2	136,620	157,447		None
	<u>\$ 575,175</u>	<u>\$ 349,356</u>	<u>\$ 225,819</u>	

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES - EMS DEPARTMENT
Years Ended June 30, 2019 and 2018

	2019	2018
Revenues:		
Charges for services	\$ 403,427	\$ 384,536
Total revenues	<u>403,427</u>	<u>384,536</u>
Expenditures:		
Salaries and fringe benefits	382,748	331,990
Bad debt expense	137,549	52,734
Supplies	30,327	25,689
Telephone and utilities	10,306	10,099
Repairs and maintenance	23,621	31,642
Dues and licenses	6,803	5,464
Contract labor	16,158	17,693
Uniforms	2,201	2,006
Miscellaneous	<u>7,190</u>	<u>5,473</u>
Total expenditures	<u>616,903</u>	<u>482,790</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (213,476)</u>	<u>\$ (98,254)</u>

AJK

AJK, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
Talbot County, Georgia
Talbotton, Georgia 31827

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Talbot County, Georgia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Talbot County, Georgia's basic financial statements and have issued our report thereon dated November 21, 2019. Our report includes a reference to other auditors who audited the financial statements of Talbot County Department of Public Health, as described in our report on Talbot County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings and responses that we consider to be significant deficiencies, as items 19-1 through 19-11.

COMPLIANCE AND OTHER MATTERS

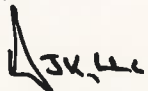
As part of obtaining reasonable assurance about whether Talbot County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

TALBOT COUNTY, GEORGIA'S RESPONSE TO FINDINGS

Talbot County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of audit findings and responses. Talbot County, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Manchester, Georgia
November 21, 2019

TALBOT COUNTY, GEORGIA
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
June 30, 2019

SIGNIFICANT DEFICIENCIES

19-1 Segregation of Duties

Condition and 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.

Effect: Because of the failure to separate control over cash, errors or fraud that might avoid detection are possible.

Recommendation: The County Commission should implement other internal controls in areas where segregation of duties is not practical.

Response: We continue to require dual signatures and review income and expenses regularly. Monitoring areas for increased segregation is an on-going process.

19-2 Controls Over Financial Statement Preparation

Condition and Criteria: County personnel do not currently possess the skills necessary to prepare the financial statements and related footnote disclosure 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.

Effect: The deficiency identified above could result in a material misstatement to the County's financial statements that would not be prevented or detected on a timely basis.

Recommendation: The County should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

Response: We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.

19-3 Sheriff Department Timely Deposits

Condition and Criteria: During our audit of the Sheriff department, we noted that cash receipts are not being deposited on a timely basis.

Effect: Failure to deposit cash receipts in a timely manner could increase the risk of loss of funds due to misplacement.

Recommendation: The Sheriff department should make monthly deposits in a timely manner.

Response: We concur.

TALBOT COUNTY, GEORGIA
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
June 30, 2019
(Continued)

19-4 Clerk of Superior Court Timely Deposits and Disbursements

Condition and 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.
Effect:	Failure to deposit cash receipts in a timely manner could increase the risk of loss of funds due to misplacement. Failure to disburse the previous month's receipt in a timely manner could result in inappropriate disbursements.
Recommendation:	Cash receipts should be deposited in a timely manner, at least by the end of the month. Receipts should be disbursed in the month following their receipt.
Response:	We concur.

19-5 Clerk of Superior Court Restitution Disbursements

Condition and 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. Also, payments to the county were not remitted in a timely manner.
Effect:	Failure to remit these funds in a timely manner causes the clerk's bank accounts to accumulate funds.
Recommendation:	Restitution and related fees should be remitted each month as required by laws and regulations. If the payee cannot be located, a list of those funds should be maintained and turned over to the State at the appropriate time. Payments to the County should be made monthly.
Response:	We concur. The Clerk will research how the funds have been receipted and disburse funds to the appropriate person or agency. The Clerk will ensure payments to the County are remitted monthly.

19-6 Missing Documentation for Expenditures

Condition and Criteria:	We noted during our audit there were missing invoices for some of the credit card purchases and also missing documentation for approval of expenditure according to purchasing policy.
Effect:	Failure to retain invoices and documentation of approvals for expenditures could result in fraudulent disbursements.
Recommendation:	All disbursements should be supported with an invoice and approval documentation of the expenditure.
Response:	We concur. We will ensure all checks have the appropriate documentation to support the expenditure and approval is documented and attached to the invoice.

TALBOT COUNTY, GEORGIA
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
June 30, 2019
(Continued)

19-7 Payroll Tax Remittances

Condition and Criteria: We noted during our audit that state withholding payments had been made for more than the amount of the liability.

Effect: This resulted in overpayments to the State of Georgia.

Recommendation: County personnel should ensure the amount being paid agrees to the payroll reports for the reporting period.

Response: We concur. County personnel will ensure payments are remitted for the correct amount and payments will be posted to general ledger as payments are made rather than monthly.

19-8 Cash Receipts

Condition and Criteria: During our audit we noted a revenue check wasn't receipted in the receipt book. Also, the clerk reconciling the receipt book to the deposit made to the bank didn't discover the error.

Effect: Failure to receipt all cash receipts and failure to ensure receipts equal the deposit made to the bank account could increase the risk of the control over the cash receipt procedures.

Recommendation: All funds received should be documented in the receipt book at the time it is received. Each deposit should be supported by the receipts in the receipt book.

Response: We concur.

19-9 Timely Reimbursements

Condition and Criteria: We noted during our audit the Water Fund had not reimbursed the General Fund for expenses paid by the General Fund for the months of April, May and June 2019.

Effect: Failure to reimburse the General Fund on a monthly basis can result in misstatements in the monthly financial statements.

Recommendation: Management should ensure these reimbursements are made monthly.

Response: We concur.

TALBOT COUNTY, GEORGIA
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
June 30, 2019
(Continued)

19-10 Bank Reconciliation

Condition and Criteria: We noted during our audit, the June 2019 bank reconciliation for the General Fund bank account did not have support for the checks shown as outstanding. We also noted several checks had been outstanding greater than a year.

Effect: Failure to maintain documentation for outstanding checks and to follow up on old outstanding checks can result in misstatements in the monthly financial statements.

Recommendation: A list of outstanding checks should have check number and amount attached to the bank reconciliations. All prior month outstanding checks should be followed up to ensure the payee has received the check.

Response: We concur.

19-11 Request for Reimbursements

Condition and Criteria: During our audit we noted request for transit grant reimbursements were not prepared in a timely manner.

Effect: Not requesting reimbursements for transit system grant in a timely manner can result in a delay of revenue being reported in the current period.

Recommendation: County personnel should ensure all request for transit system grant are prepared in a timely manner.

Response: We concur. We will ensure request for reimbursements are requested on a monthly basis.