Echols County, Georgia

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2021



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Echols County, Georgia
Principal Officials

ELECTED

Bobby Walker, Chairman

Stanley Corbett, Vice Chairman

Kenneth Petty, County Commissioner

STAFF

Laura Levesque, County Administrator

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CPAs and Advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
of Echols County, Georgia
Statenville, Georgia

Opinions

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

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Echols County, Georgia, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Echols County Board of Health, which represent 100 percent, of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose reports has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Echols County Board of Health is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Echols County, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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 the basic financial

statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule - General Fund (on page 39) and the Budgetary Comparison Schedule – E-911 Fund (on page 41) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Echols County, Georgia's financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Special Purpose Local Option Sales Tax Expenditures is presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and is not a required part of the basic financial statements. Such information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 and the report of other auditors, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and schedules and the schedule of Special Purpose Local Option Sales Tax Expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of Echols 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 Echols County, Georgia's internal control over financial of Echols 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 Echols County, Georgia's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Valdosta, Georgia
June 30, 2022

Echols County, Georgia
Statement of Net Position

December 31, 2021	Primary Government: Governmental Activities	Primary Government: Total	Component Unit: Health Department
ASSETS			
Cash and cash equivalents	$ 3,860,312	$ 3,860,312	$ 185,903
Accounts receivable, net	132,224	132,224	-
Taxes receivable, net	332,170	332,170	-
Restitution receivable	884	884	-
Prepaid expenses	32,017	32,017	-
Due from other governments	65,020	65,020	-
Interfund balances	-	-	-
Restricted assets:			
Cash and cash equivalents	1,725,153	1,725,153	-
Certificates of deposit	2,296	2,296	-
Capital assets:			
Land	80,703	80,703	-
Construction in progress	11,054	11,054	-
Other capital assets, net of accumulated depreciation	6,084,532	6,084,532	3,413
Total assets	12,326,365	12,326,365	189,316
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows	-	-	43,934
LIABILITIES			
Accounts payable	151,184	151,184	-
Accrued expenses	12,583	12,583	-
Interfund balances	-	-	-
Long-term liabilities:			
Due within one year	16,127	16,127	13,320
Due in more than one year	26,657	26,657	8,880
Net pension obligation liability	-	-	168,376
Total liabilities	206,551	206,551	190,576
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	80,576	80,576	45,122
NET POSITION			
Investment in capital assets	6,142,690	6,142,690	3,413
Restricted	1,735,631	1,735,631	90,523
Unrestricted	4,160,917	4,160,917	(96,384)
Total net position	$ 12,039,238	$ 12,039,238	$ (2,448)

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

For the year ended December 31, 2021

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental activities:					
General government	$ 1,001,034	$ 255,072	$ 1,137,054	$ 820,610	$ 1,211,702
Judicial	374,821	-	-	-	(374,821)
Public safety	1,048,411	56,466	18,184	-	(973,761)
Public works	693,240	16,699	-	-	(676,541)
Public health and welfare	88,625	-	-	-	(88,625)
Culture and recreation	76,526	5,960	-	-	(70,566)
Library	33,116	-	-	-	(33,116)
Conservation	114,644	-	-	-	(114,644)
Housing and development	10,666	-	-	-	(10,666)
Interest on long-term debt	4,207	-	-	-	(4,207)
Total governmental activities	3,445,290	334,197	1,155,238	820,610	(1,135,245)
Total primary government	3,445,290	334,197	1,155,238	820,610	(1,135,245)
Component unit:					
Board of Health	245,539	127,294	180,460	-	62,215
Total component units	$ 245,539	$ 127,294	$ 180,460	$ -	$ 62,215

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

Echols County, Georgia
Statement of Activities

	Primary Government		Component Unit
	Governmental Activities	Total	Health Department
Change in net position:			
Net (expense) revenue	$ (1,135,245)	$ (1,135,245)	$ 62,215
General revenues:			
Taxes:			
Property taxes	1,973,424	1,973,424	-
Sales taxes	589,692	589,692	-
Insurance premium taxes	306,708	306,708	-
Other taxes	222,957	222,957	-
Interest income	1,857	1,857	-
Other revenues	85,457	85,457	-
Total general revenues and transfers	3,180,095	3,180,095	-
Change in net position	2,044,850	2,044,850	62,215
Net position, beginning of year	9,994,388	9,994,388	(64,663)
Net position, end of year	$ 12,039,238	$ 12,039,238	$ (2,448)

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

Echols County, Georgia
Balance Sheet
Governmental Funds

December 31, 2021	General Fund	Solid Waste Tax Fund	Capital Project SPLOST Fund	E911 Fund
Assets				
Cash and cash equivalents	$ 3,860,312	$ -	$ -	$ -
Accounts receivable, net	9,346	123,762	-	-
Taxes receivable, net	315,610	-	-	-
Sales taxes receivable, net	16,560		16,560	-
Prepaid items	32,017	-	-	-
Due from other governments	25,634	-	-	-
Due from other funds	65,873	-	5,819	-
Restricted assets:				
Cash and cash equivalents	-	3,847	170,343	170,295
Certificates of deposit	1,296	-	-	-
Total assets	$ 4,326,648	$ 127,609	$ 192,722	$ 170,295
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 144,246	$ 36,653	$ -	$ -
Accrued expenses	12,583	-	-	-
Due to other funds	9,684	-	-	65,873
Total liabilities	166,513	36,653	-	65,873
Deferred Inflows of Resources				
Unavailable revenue	43,455	80,576	-	-
Fund Balances				
Nonspendable				
Prepaid items	32,017	-	-	-
Restricted				
Capital projects	-	-	192,722	-
Sign	800	-	-	-
Jail operations	-	-	-	-
Drug education/enforcement	-	-	-	-
Cemetery upkeep	-	-	-	-
Public services	-	10,380	-	104,422
Unassigned, reported in:				
General fund	4,083,863	-	-	-
Total fund balances	4,116,680	10,380	192,722	104,422
Total liabilities, deferred inflows of resources and fund balances	$ 4,326,648	$ 127,609	$ 192,722	$ 170,295

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

Echols County, Georgia
Balance Sheet
Governmental Funds

December 31, 2021	ARP Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ -	$ -	$ 3,860,312
Accounts receivable, net	-	-	133,108
Taxes receivable, net	-	-	315,610
Sales taxes receivable, net	-	22,826	55,946
Prepaid items	-	-	32,017
Due from other governments	-	-	25,634
Due from other funds	-	3,865	75,557
Restricted assets:			
Cash and cash equivalents	1,058,055	322,613	1,725,153
Certificates of deposit	-	1,000	2,296
Total assets	$ 1,058,055	$ 350,304	$ 6,225,633
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	$ -	$ 13,069	$ 193,968
Accrued expenses	-	-	12,583
Due to other funds	-	-	75,557
Total liabilities	-	13,069	282,108
Deferred Inflows of Resources			
Unavailable revenue	-	-	124,031
Fund Balances			
Nonspendable			
Prepaid items	-	-	32,017
Restricted			
Capital projects	1,058,055	259,105	1,509,882
Sign	-	-	800
Jail operations	-	59,628	59,628
Drug education/enforcement	-	16,315	16,315
Cemetery upkeep	-	2,187	2,187
Public services	-	-	114,802
Unassigned, reported in:			
General fund	-	-	4,083,863
Total fund balances	1,058,055	337,235	5,819,494
Total liabilities, deferred inflows of resources and fund balances	$ 1,058,055	$ 350,304	$ 6,225,633

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

Echols County, Georgia
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

December 31, 2021

Total governmental fund balances	$ 5,819,494
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Capital leases	(33,599)
Compensated absences	(9,185)
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds	43,455
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	6,176,289
Net position of governmental activities	$ 12,039,238

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

Echols County, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the year ended December 31, 2021	General Fund	Solid Waste Tax Fund	Capital Project SPLOST Fund	E911 Fund
Revenues				
Property taxes	$ 2,099,573	$ -	$ -	$ -
Sales taxes	178,827	-	178,827	-
Insurance premium	306,708	-	-	-
Franchise fees	201,083	-	-	-
Other taxes	21,874	-	-	-
Licenses and permits	21,535	-	-	-
Intergovernmental	624,110	-	-	-
Charges for services	130,340	-	-	56,081
Fines and forfeitures	119,755	-	-	-
Interest income	1,784	-	20	-
Other revenues	86,431	-	-	-
Total revenues	3,792,020	-	178,847	56,081
Expenditures				
Current:				
General government	862,999	-	72,661	-
Court system	343,619	-	-	-
Public safety	864,226	-	-	72,343
Public works	470,002	-	-	-
Health and welfare	80,218	-	-	-
Housing and development	10,158	-	-	-
Conservation	114,644	-	-	-
Recreation	60,730	-	-	-
Library	33,116	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	1,078,629	-	15,300	-
Debt service:				
Principal	-	-	17,119	-
Interest	-	-	4,207	-
Total expenditures	3,918,341	-	109,287	72,343
Excess (Deficiency) of Revenues Over Expenditures	(126,321)	-	69,560	(16,262)
Other Financing Sources (Uses)				
Transfers	(41,640)	-	-	42,648
Total other financing sources (uses)	(41,640)	-	-	42,648
Net change in fund balances	(167,961)	-	69,560	26,386
Fund balances, beginning of year	4,284,641	10,380	123,162	78,036
Fund balances, end of year	$ 4,116,680	$ 10,380	$ 192,722	$ 104,422

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

Echols County, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the year ended December 31, 2021	ARP Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	$ -	$ -	$ 2,099,573
Sales taxes	-	232,038	589,692
Insurance premium	-	-	306,708
Franchise fees	-	-	201,083
Other taxes	-	-	21,874
Licenses and permits	-	-	21,535
Intergovernmental	1,137,054	213,360	1,974,524
Charges for services	-	-	186,421
Fines and forfeitures	-	6,486	126,241
Interest income	-	53	1,857
Other revenues	-	350	86,781
Total revenues	1,137,054	452,287	5,616,289
Expenditures			
Current:			
General government	801	350	936,811
Court system	26,765	-	370,384
Public safety	34,128	28,978	999,675
Public works	-	19,166	489,168
Health and welfare	-	-	80,218
Housing and development	-	-	10,158
Conservation	-	-	114,644
Recreation	-	-	60,730
Library	-	-	33,116
Intergovernmental	-	-	-
Capital outlay	17,305	390,944	1,502,178
Debt service:			
Principal	-	-	17,119
Interest	-	-	4,207
Total expenditures	78,999	439,438	4,618,408
Excess (Deficiency) of Revenues Over Expenditures	1,058,055	12,849	997,881
Other Financing Sources (Uses)			
Transfers	-	(1,008)	-
Total other financing sources (uses)	-	(1,008)	-
Net change in fund balances	1,058,055	11,841	997,881
Fund balances, beginning of year	-	325,394	4,821,613
Fund balances, end of year	$ 1,058,055	$ 337,235	$ 5,819,494

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

Echols County, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended December 31, 2021

Net change in fund balances - total governmental funds	$ 997,881
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets	
Capital asset purchases capitalized	1,502,178
Depreciation expense	(344,930)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, 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.	
Debt payments made	17,119
Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds	(126,149)
Compensated absences	(1,249)
Change in net position of governmental activities	$ 2,044,850

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

Echols County, Georgia
Statement of Fiduciary Net Position – Custodial Funds

December 31, 2021	Custodial Funds
Assets	
Cash and cash equivalents	$ 2,495,683
Taxes receivable	772,061
Total assets	3,267,744
Liabilities	
Due to others	3,267,744
Total liabilities	3,267,744
Net position	
Restricted:	
Individuals, organizations and other governments	-
Total net position	$ -

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

Echols County, Georgia
Statement of Changes in Fiduciary Net Position – Custodial Funds

For the year ended December 31, 2021	Custodial Funds
Additions	
Taxes	$ 5,200,949
Fines and fees	173,882
Total additions	5,374,831
Deductions	
Taxes and fees paid to other governments	5,043,229
Payments to Board of Commissioners	266,787
Payments to other Echols County entities	-
Payments to others	64,815
Total deductions	5,374,831
Net increase in custodial net position	-
Net position, beginning of year	-
Net position, end of year	$ -

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

I. Reporting Entity

Echols County, Georgia was incorporated in the State of Georgia on December 13, 1858. The County is governed by an elected Board of Commissioners and an elected chairman of the Board and provides the following services to the citizens of Echols County: public safety (police and fire), public works (highways and streets), health and welfare services, culture and recreation, housing and development, judicial services, planning and community development, and general administrative services.

The financial reporting entity has been determined by management, in accordance with generally accepted accounting principles, to be Echols County (the primary government) and its component unit. A component unit is a legally separate organization for which the primary government is financially accountable for or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the government for financial reporting purposes, management has considered all component units.

The criteria used to determine financial accountability are the ability of the primary government to appoint a voting majority of the organization's governing body, and effectively impose its will on the organization. Also, if there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government, financial accountability would exist. Based upon the application of these criteria, the following is a brief review of the component unit included in the County's reporting unit as a discretely presented component unit.

Echols County Board of Health

Echols County Board of Health is a component unit based on the criteria of the County appointing a voting majority to the board, the County's ability to impose its will and fiscal dependency. The statement of net position and statement of activities for the Echols County Board of Health are presented in these financial statements using the method of discrete presentation. A complete set of financial statements for the Echols County Board of Health is presented in a separate report and can be obtained from the Echols County Board of Health.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

II. Government-Wide and Fund Financial Statements

The government-wide financial statements (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. As a general rule, 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 accountable.

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

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

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

Government – Wide Financial Statements

The County's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type activities for the County. Fiduciary activities of the County are not included in these statements.

These statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The fiduciary fund financial statements are presented on the accrual basis. Accordingly, all the County's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in assets. Under 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. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function, and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government – Wide Financial Statements (Continued)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities, which are normally 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.

Fund Financial Statements

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

The County's major funds are the General Fund, Solid Waste Tax Fund, Capital Project SPLOST Fund, ARP Fund, and the E-911 Fund.

The following fund types are used by the County:

General Fund is the principal fund of the County and is used to account for all of its activities not otherwise accounted for by a specified fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The County has the following special revenue funds:

- *Solid Waste Tax Fund* – used to account for and report proceeds from the solid waste special assessment tax and expenditures for solid waste collection services.
- *County Jail Fund* – used to account for and report proceeds and expenditures for the County Jail.
- *ARP Fund* – used to account for the American Rescue Plan Act funds allocated to local governments through the Coronavirus State and Local Fiscal Recovery Funds.
- *E-911 Fund* – used to account for and report proceeds and expenditures for operations for E-911 services.
- *Drug Education Fund* – used to account for and report proceeds and expenditures for drug education.
- *Cemetery Fund* – used to account for and report proceeds and expenditures for cemetery upkeep.

Capital Projects Funds are used to account for and report proceeds and expenditures for capital projects. The County has two capital projects funds:

- *Special Purpose Local Option Sales Tax (SPLOST)* – used to account for a special purpose local option sales tax received and restricted to use for qualifying capital expenditures.
- *Transportation Special Purpose Local Option Sales Tax (TSPLOST)*– used to account for a regionally approved transportation special purpose local option sales tax received and restricted to use for qualifying capital expenditures.

Custodial Funds account for monies collected on behalf of individuals, organizations and other governments expected to be distributed to the individuals, organizations and other governments within three months of receipt.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles except that encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (Continued)

of fund balances and do not constitute expenditures or liabilities because the commitments will be honored through subsequent years' budget appropriations.

Capital Projects Budget

The construction of certain major capital facilities and improvements, which are accounted for by the County in the Capital Project SPLOST Fund and CDBG Capital Project Fund, are subject to budgetary control on a project basis. The budgets are approved by the Board of Commissioners and are generally subject to specific provisions of voter referendums, State statutes, and/or grant agreements. Appropriations for a specific project do not lapse until completion of the project.

Excess of expenditures over appropriations

The following funds and departments incurred actual expenditures in excess of budgeted amounts for the year ended December 31, 2021:

Department/Fund	Excess of Expenditures Over Budgeted Amounts
General Fund	
Executive	$4,715
Tax commissioner	8,082
Magistrate court	4,466
Sheriff	133,353
D.A.R.E	3,027
Jail operations	6,960
Fire	35,885
Coroner/medical examiner	3,187
Emergency management	954
Housing and development	158
Conservation	7,825
Recreation	14,455

The County was not in compliance with certain State provisions as budgets were not adopted for the following funds: County Jail, Drug Education, E-911, ARP, Cemetery Funds and Solid Waste Tax Funds.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Cash and Equivalents

Cash shown on the balance sheets and statements of cash flows includes amounts in demand deposits and short-term investments with a maturity date less than three months from the date acquired by the County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Investments

The County is limited by state law to the following investments: obligations of the State of Georgia, other states, or the U. S. Government; obligations fully insured by the U. S. Government or any agency thereof; obligations of any corporation of the U. S. Government; prime bankers' acceptance; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County held no investments for the year ended December 31, 2021.

Receivables and Property Taxes

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant in aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables. All amounts due from other governments are considered collectible in full.

All trade and property tax receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

Unearned revenue

Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advance to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statement of net position as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Prepaid Items

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Restricted Assets

Proceeds from certain revenues and other resources in the General Fund, Special Revenue Funds, and Capital Projects Funds are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable statutes or agreements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the County 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. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities), the County chose to include all such items regardless of their acquisition date or amount. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of assets constructed. No interest expense was capitalized during the fiscal year ending December 31, 2021.

Capital assets of the primary government and each discretely presented component unit are depreciated using the straight-line method over the following useful lives:

Buildings, improvements, water system	40 years
Infrastructure	40 years
Improvements	10 – 20 years
Machinery and equipment	5 – 10 years

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the County 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 future periods and will not be recognized as an inflow of resources (revenue) until that time. The County has three types of deferred inflows of resources: property taxes, restitution, and special assessment. These items all arise under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, one item, unavailable revenue, is reported in both the government funds balance sheet and the government wide statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Deferred Outflows/Inflows of Resources (Continued)

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

The County allows full-time, permanent employees to accumulate unused annual leave and sick leave. Unused annual leave may be accumulated up to a maximum of 45 days. Upon termination after one year of service, employees are paid for accumulated annual leave if separated in good standing and upon giving the required two weeks' notice. Sick leave may be accumulated up to a maximum of 45 days, but is not payable at termination. Therefore, accumulated annual leave but no accumulated sick leave is shown as a liability. Compensated absences are recorded as liabilities in the government-wide statement of net position. Only current amounts payable for employees terminated or retired at year-end are recorded in the governmental funds.

Long-Term Obligations

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

Employee Benefits

The County maintains a deferred compensation plan (refer to Note 9 for additional plan information).

Fund Equity

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 of 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 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;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, the board of commissioners; to be reported as

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Fund Equity (Continued)

committed, amounts cannot be used for any other purpose unless the government takes action by the board of commissioners 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 board of commissioners or by an official or body to which the board of commissioners delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the County to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the County that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted net position first, then unrestricted net position as they are needed.

Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are re-appropriated in the following year, except for encumbrances in the Capital Projects Funds, which are continuing. Encumbrances do not represent GAAP expenditures. At December 31, 2021, there were no encumbrances outstanding.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through June 30, 2022 and determined that there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

Recently Issued and Implemented Accounting Pronouncements

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Management has determined that the effect of adopting GASB Statement No. 89 does not have a material effect on the County's financial statements.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued and Implemented Accounting Pronouncements (Continued)

eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

The County is evaluating the requirements of the above statements and the impact on reporting.

NOTE 2 – CASH, CERTIFICATES OF DEPOSIT, CUSTODIAL RISK AND INTEREST RATE RISK

Total deposits and investments as of December 31, 2021 are summarized as follows:

Primary Government		
Amounts as presented on the entity-wide Statement of Net Position:		
Cash and cash equivalents	$	3,860,312
Restricted:		
Cash and cash equivalents		1,725,153
Certificates of deposit		2,296
Amounts as presented on the Statement of Fiduciary Assets and Liabilities:		
Cash and cash equivalents		2,495,683
Total	$	8,083,444
Deposits with financial institutions	$	8,083,444
Component Unit - Board of Health		
Cash and cash equivalents	$	185,903
Deposits with financial institutions	$	185,903

The Georgia Code requires that depository institutions collateralize cash deposits of public funds. Depositories of public funds may secure deposits by the insurance of the F.D.I.C., pledged securities, or a combination of these methods. The market value of pledged securities shall be equal to or not less than 110 percent of the deposited public funds. The County does not have a formal investment policy for interest rate, credit, concentration of credit, or custodial credit risks.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depositor insurance, obligation of the U.S. government, or bonds of public authorities, counties or municipalities. As of December 31, 2021 the bank balance was $8,527,314, which was covered by federal depository insurance or by collateral held by the County's agent in the County's name.

NOTE 3 – RECEIVABLES

I. Property Tax

Taxes on real estate, motor vehicles, intangibles, real estate transfer and mobile homes are collected by the Office of Tax Commissioner, an agency fund, and remitted to the County. Georgia statutes do not provide a maximum millage rate that may be levied.

Tax revenues are recognized during the period in which they are levied. An allowance is established for delinquent taxes to the extent their collectability is questionable. Taxes collected during the current period and within sixty days thereafter are considered available to finance current operations. On the governmental fund financial statements, receivables that were not collected within the available period are recorded as unavailable revenue.

The property tax rate for 2021 was $14.99 per $1,000 of assessed valuation, and current tax collection for the year then ended was 99% of the tax levied.

The full year property tax calendar is as follows:

Assessment date	June 6
Levy date	September 18
Due date of taxes, other than motor vehicles	December 20
Execution (lien) date for unpaid taxes	December 31

II. Receivables

Receivables at December 31, 2021 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	SPLOST Fund	Solid Waste Tax Fund	TSPLOST Fund	Total
Property tax receivable	$ 315,610	$ -	$ -	$ -	$ 315,610
Accounts receivable	9,346	-	123,762	-	133,108
Sales tax receivable	16,560	16,560	-	22,826	55,946
Due from other governments	25,634	-	-	-	25,634
Gross receivables	367,150	16,560	123,762	22,826	530,298
Less:					
Allowance for uncollectibles	-	-	-	-	-
Net total receivables	$ 367,150	$ 16,560	$ 123,762	$ 22,826	$ 530,298

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

Generally, outstanding balances between funds include outstanding charges by one fund to another for services or goods and other miscellaneous receivables and payables between funds. The composition of interfund receivables and payables as of December 31, 2021 is as follows:

	Due To					
Due from	General Fund	Solid Waste Tax Fund	SPLOST Fund	E-911 Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ -	$ 5,819	$ -	$ 3,865	$ 9,684
Solid Waste Tax Fund	-	-	-	-	-	-
SPLOST Fund	-	-	-	-	-	-
E-911 Fund	65,873	-	-	-	-	65,873
Nonmajor governmental fund	-	-	-	-	-	-
Total	$ 65,873	$ -	$ 5,819	$ -	$ 3,865	$ 75,557

Interfund transfers are used to move revenues from the fund that the statute or budget requires to collect them to the fund that the Statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The composition of interfund transfers as of December 31, 2021 is as follows:

	Transfer from					
Transfer to	General Fund	Solid Waste Tax Fund	SPLOST Fund	E-911 Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ -	$ -	$ -	$ 1,008	$ 1,008
Solid Waste Tax Fund	-	-	-	-	-	-
SPLOST Fund	-	-	-	-	-	-
E-911 Fund	42,648	-	-	-	-	42,648
Nonmajor governmental fund	-	-	-	-	-	-
Total	$ 42,648	$ -	$ -	$ -	$ 1,008	$ 43,656

NOTE 5 – CAPITAL ASSETS

The following is a summary of capital asset activity as of December 31, 2021:

Primary Government

Governmental Activities:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land and improvements	$ 80,703	$ -	$ -	$ -	$ 80,703
Construction in progress	168,038	-	-	(156,984)	11,054
Total capital assets not being depreciated	248,741	-	-	(156,984)	91,757
Other capital assets:					
Buildings	1,509,199	-	-	-	1,509,199
Improvements	1,923,993	1,303,776	-	483,159	3,710,928
Equipment	2,192,598	24,244	-	-	2,216,842
Vehicles	683,572	174,158	-	-	857,730
Infrastructure	11,819,116	-	-	(326,175)	11,492,941
Total other capital assets at cost	18,128,478	1,502,178	-	156,984	19,787,640
Less accumulated depreciation for:					
Buildings	(972,675)	(32,196)	-	-	(1,004,871)
Improvements	(610,784)	(80,025)	-	34,252	(656,557)
Equipment	(1,758,588)	(107,241)	-	(34,252)	(1,900,081)
Vehicles	(496,355)	(48,060)	-	-	(544,415)
Infrastructure	(9,519,776)	(77,408)	-	-	(9,597,184)
Total accumulated depreciation	(13,358,178)	(344,930)	-	-	(13,703,108)
Other capital assets, net	4,770,300	1,157,248	-	156,984	6,084,532
Governmental activities capital assets, net	$ 5,019,041	$1,157,248	$ -	$ -	$ 6,176,289

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

Depreciation expense was charged to functions as follows:

General Government	$	15,180
Judicial		4,437
Public safety		77,714
Public works		222,888
Health and welfare		8,407
Culture and recreation		15,796
Housing and development		508
Total governmental activities depreciation expense	$	344,930

Component Units

Capital asset activity for the Echols County Board of Health, a discretely presented component unit, for the year ended June 30, 2021 is as follows:

	Balance June 30, 2020	Increases	Decreases	Transfers	Balance June 30, 2021
Capital assets, not being depreciated	$ -	$ -	$ -	$ -	$ -
Other capital assets:					
Equipment	6,143	-	-	-	6,143
Total other capital assets at cost	6,143	-	-	-	6,143
Less accumulated depreciation for:			-	-	-
Equipment	(1,820)	(910)	-	-	(2,730)
Total accumulated depreciation	(1,820)	(910)	-	-	(2,730)
Other capital assets, net	4,323	(910)	-	-	3,413
Total capital assets, net	$ 4,323	$ (910)	$ -	$ -	$ 3,413

Depreciation expense was charged to functions as follows:

Governmental Activities		
Public health and welfare	$	910
Total governmental activities depreciation expense	$	910

NOTE 6 – LONG TERM DEBT

Primary Government

The following is a summary of long-term debt activity:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Capital leases	$ 50,718	$ -	$ (17,119)	$ 33,599	$ 16,127
Compensated Absences	7,936	1,249	-	9,185	-
	$ 58,654	$ 1,249	$ (17,119)	$ 42,784	$ 16,127

The general fund typically has been used to liquidate long-term debt.

The County has entered into lease agreements as lessee for financing the acquisition of equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. Total cost of assets acquired through capital leases as of December 31, 2021, is $204,173, which consists of equipment, and is included in governmental activities on the Statement of Net Position. The County's total capital lease service requirements to maturity are as follows:

Year Ending December 31,	
2022	$ 18,929
2023	18,929
2024	-
2025	-
2026	-
Total minimum lease payments	$ 37,858
Less amount representing interest	(4,259)
Present value of future minimum lease payments	$ 33,599

Component Units

The change in compensated absences payable for the Echols County Board of Health, a discretely presented component unit, for the year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	$ 20,013	$ 2,187	$ -	$ 22,200	$ 13,320

NOTE 7 – RESTRICTIONS OF FUND BALANCES AND NET INVESTMENT IN CAPITAL ASSETS

In the governmental fund financial statements, fund balances consist of nonspendable, restricted and unassigned amounts. Nonspendable fund balances represent amounts that are not in a spendable form. Restrictions of fund balances represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unassigned.

Fund balance restrictions at December 31, 2021 include:

General Fund		
Reserved to reflect resources legally restricted for signage	$	800
Special Revenue Funds		
Reserved to reflect resources legally restricted for:		
Public services – E911	$	104,422
Public services - solid waste tax		10,380
Jail operations		59,628
Drug education/enforcement		16,315
Cemetery upkeep		2,187
Capital projects		1,058,055
Capital Projects Funds		
Reserved to reflect resources funded by Special Purpose Local Option Sales Tax and Federal Grants	$	192,722
Reserved to reflect resources funded by regional Transportation Special Purpose Local Option Sales Tax and Federal Grants		259,105
Net Investment in Capital Assets		

The elements of this calculation are as follows:

		Governmental Activities
Capital assets (net)	$	6,176,289
Outstanding debt related to capital assets		(33,599)
Net investment in capital assets	$	6,142,690

NOTE 8 – DEFINED BENEFIT PLANS

Primary Government

The County's elected officials participate in the following retirement plans which are in effect but not under direct control of the County:

1. Peace Officers' Annuity and Benefit Fund of Georgia
2. Superior Court Clerks' Retirement Fund of Georgia
3. Georgia Firefighters' Pension Fund

NOTE 9 – DEFINED CONTRIBUTION PLANS

Plan Description

The County offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code (IRC) Section 457. The plan is a defined contribution plan. The name of the plan is "The Deferred Compensation Plan for Public Employees" and is available to all eligible employees. Under the plan, employees are permitted to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The County Commission provides for the benefits and funding policy through a County ordinance and maintains the authority to change the policy.

The plan is administered by GEBCorp, an independent plan administrator, which invests the deferred amounts as directed by the participants, maintains detailed accounting records and individual participants' deferrals and earnings, and disburses funds to the plan participants under the terms of the deferred compensation agreement.

Plan provisions, established or amended under authority of the National Association of Counties, allow participants to contribute up to the greater of 100% of their county compensation or the maximum dollar deferral amount allowed by IRC Section 457(b)(2)(A). The County may contribute to the plan on behalf of employees. County contributions apply toward maximum deferral limits and vest when made. During 2021, the County contributed 6% of compensation for participating employees plus a 2% match of employee deferrals. The total County contribution for 2021 was $36,760 by the County and $13,992 by the plan members.

Certain elected officials are covered under plans offered by the State of Georgia, such as the Probate Judges' Retirement Fund of Georgia, the Clerk of Superior Court Retirement Fund, and the Sheriff's Retirement Fund. These plans are administered by the State, are separate legal entities, and are not included in the County's financial statements.

NOTE 10 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County covers these risks through the purchase of insurance coverage through the ACCG – Group Self-Insurance Workers' Compensation Fund and the ACCG – Interlocal Risk Management Agency. These are public entity risk

NOTE 10 – RISK MANAGEMENT (CONTINUED)

pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

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

Settled claims in the past three years have not exceeded the coverage. There was no significant reduction in insurance coverage from the prior year.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Commitments

The County, in conjunction with cities and counties in an eighteen county South Georgia area are members of the Southern Georgia Regional Commission ("RC"), formerly the South Georgia Regional Development Center. Membership in an RC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to an RC. The RC board membership includes the chief elected official of each county and the chief elected official of each municipality. The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RCs as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond resources (O.C.G.A. 50- 8-39.1).

Separate financial statements are available from the Southern Georgia Regional Commission, 327 West Savannah Ave., Valdosta, Georgia, 31601. Management does not believe the Commission is currently experiencing fiscal stress that could put a financial burden on the RC.

Contingencies

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the County. The occurrence and extent of such an impact will depend on future developments, including (i) the duration

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies (Continued)

and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Echols County, Georgia
Required Supplementary Information
Budgetary Comparison Schedule – E-911 Fund

For the year ended December 31, 2021	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	$ 1,892,618	$ 1,892,618	$ 2,099,573	$ 206,955
Sales taxes	148,130	148,130	178,827	30,697
Insurance premium	278,353	278,353	306,708	28,355
Franchise fees	204,000	204,000	201,083	(2,917)
Other taxes	20,000	20,000	21,874	1,874
Licenses and permits	36,700	36,700	21,535	(15,165)
Intergovernmental	95,171	95,171	624,110	528,939
Charges for services	264,809	264,809	130,340	(134,469)
Fines and forfeitures	147,000	147,000	119,755	(27,245)
Interest income	6,934	6,934	1,784	(5,150)
Other revenues	20,300	20,300	86,431	66,131
Total revenues	3,114,015	3,114,015	3,792,020	678,005
Expenditures				
General government				
Governing body	29,323	29,323	29,048	275
Executive	93,165	93,165	97,880	(4,715)
Elections	16,750	16,750	13,168	3,582
Human resources	-	-	-	-
Registrar	22,972	22,972	15,812	7,160
Tax commissioner	106,914	106,914	114,996	(8,082)
Tax assessor	88,646	88,646	84,190	4,456
Tax equalizer	6,786	6,786	3,858	2,928
General administration	565,205	565,205	504,047	61,158
Total general government	929,761	929,761	862,999	66,762
Court system				
Clerk of superior court	112,712	112,712	105,962	6,750
District attorney	62,011	62,011	48,681	13,330
Magistrate court	143,464	143,464	147,930	(4,466)
Juvenile court	1,200	1,200	631	569
Public defender	40,976	40,976	40,415	561
Total court system	360,363	360,363	343,619	16,744
Public safety				
Sheriff	436,862	436,862	570,215	(133,353)
D.A.R.E	76,000	76,000	79,027	(3,027)
Jail operations	130,000	130,000	136,960	(6,960)
Adult probation	5,000	5,000	4,582	418
Fire	2,700	2,700	38,585	(35,885)
Coroner/medical examiner	7,025	7,025	10,212	(3,187)
E-911 services	83,548	83,548	-	83,548
Animal control	10,800	10,800	10,800	-
Emergency management	12,891	12,891	13,845	(954)
Total public safety	764,826	764,826	864,226	(99,400)

The accompanying notes to required supplementary information are an integral part of this schedule

Echols County, Georgia
Required Supplementary Information
Budgetary Comparison Schedule – E-911 Fund

For the year ended December 31, 2021	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures (continued)				
Public works				
Roads and bridges	$ 460,074	$ 460,074	$ 443,271	$ 16,803
Solid waste	217,093	217,093	26,731	190,362
Total public works	677,167	677,167	470,002	207,165
Public health and welfare				
Health	83,130	83,130	80,218	2,912
Welfare	-	-	-	-
Total health and welfare	83,130	83,130	80,218	2,912
Housing and development	10,000	10,000	10,158	(158)
Conservation	106,819	106,819	114,644	(7,825)
Recreation	46,275	46,275	60,730	(14,455)
Library	37,263	37,263	33,116	4,147
Capital projects	20,509	20,509	1,078,629	(1,058,120)
Debt Service				
Principal	-	-	-	-
Total expenditures	3,036,113	3,036,113	3,918,341	(882,228)
Excess (deficiency) of revenues over expenditures	77,902	77,902	(126,321)	(204,223)
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	-	-
Proceeds from capital leases	-	-	-	-
Transfers from other funds	-	-	51,190	(51,190)
Transfers to other funds	(59,000)	(59,000)	(92,830)	33,830
Total other financing sources (uses)	(59,000)	(59,000)	(41,640)	17,360
Net change in fund balances	18,902	18,902	(167,961)	(186,863)
Fund balance, beginning of year	4,284,641	4,284,641	4,284,641	
Fund balances, end of year	$ 4,303,543	$ 4,303,543	$ 4,116,680	$ (186,863)

The accompanying notes to required supplementary information are an integral part of this schedule

Echols County, Georgia
Required Supplementary Information
Budgetary Comparison Schedule – E-911 Fund

For the year ended December 31, 2021	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for services	$ -	$ -	$ 56,081	$ 56,081
Total revenues	-	-	56,081	56,081
Expenditures				
Public safety	-	-	72,343	(72,343)
Capital Outlay	-	-	-	-
Total expenditures	-	-	72,343	(72,343)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(16,262)	(16,262)
Other Financing Sources (Uses)				
Transfers from other funds	-	-	42,648	42,648
Total other financing sources (uses)	-	-	42,648	42,648
Net change in fund balances	-	-	26,386	26,386
Fund Balances, beginning of year	78,036	78,036	78,036	-
Fund Balances, end of year	$ 78,036	$ 78,036	$ 104,422	$ 26,386

The accompanying notes to required supplementary information are an integral part of this schedule

NOTE 1 – BUDGETARY INFORMATION

Budget Process

The annual budget document is the financial plan for the operation of the County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the County's financial position. An annual operating budget is prepared for the General and Special Revenue Funds.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1) Prior to August 1, the County Administrator submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2) Public notice of budget and tax proposals is provided in conformance with Georgia law.
3) Public hearings are conducted to obtain taxpayer comments.
4) Prior to December 1, the budget is formally adopted.
5) Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The appropriated budgets are prepared by fund, function, and department. Transfers of appropriations between departments require the approval of the County Commissioners. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the department level.

The County does not employ the use of encumbrance accounting in governmental funds and no material purchase orders, contracts, or other commitments existed at the end of the fiscal year, which should have been encumbered.

Echols County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2021	Special Revenue Funds: County Jail Fund	Special Revenue Funds: Drug Education Fund	Special Revenue Funds: Cemetery Fund
Assets			
Cash and cash equivalents	$ -	$ -	$ -
Restricted assets:			
Cash and cash equivalents	71,984	16,310	1,187
Certificates of deposit	-	-	1,000
Sales taxes receivable, net	-	-	-
Due from other funds	520	198	-
Total assets	$ 72,504	$ 16,508	$ 2,187
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	$ 12,876	$ 193	$ -
Due to other funds	-	-	-
Total liabilities	$ 12,876	$ 193	$ -
Deferred Inflows of Resources			
Unavailable revenue	-	-	-
Fund Balances			
Restricted			
Jail operations	59,628	-	-
Drug education/enforcement	-	16,315	-
Capital projects	-	-	-
Cemetery upkeep	-	-	2,187
Public services	-	-	-
Health and welfare	-	-	-
Unassigned	-	-	-
Total fund balances	59,628	16,315	2,187
Total liabilities, deferred inflows of resources and fund balances	$ 72,504	$ 16,508	$ 2,187

Echols County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2021	Capital Project Fund: TSPLOST Fund	Total Other Governmental Funds
Assets		
Cash and cash equivalents	$ -	$ -
Restricted assets:		
Cash and cash equivalents	233,132	322,613
Certificates of deposit	-	1,000
Sales taxes receivable, net	22,826	22,826
Due from other funds	3,147	3,865
Total assets	$ 259,105	$ 350,304
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	$ -	$ 13,069
Due to other funds	-	-
Total liabilities	$ -	$ 13,069
Deferred Inflows of Resources		
Unavailable revenue	-	-
Fund Balances		
Restricted		
Jail operations	-	59,628
Drug education/enforcement	-	16,315
Capital projects	259,105	259,105
Cemetery upkeep	-	2,187
Public services	-	-
Health and welfare	-	-
Unassigned	-	-
Total fund balances	259,105	337,235
Total liabilities, deferred inflows of resources and fund balances	$ 259,105	$ 350,304

Echols County, Georgia
Combining Statement of Revenues
Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds

For the year ended December 31, 2021	Special Revenue Funds		
	County Jail Fund	**Drug Education Fund**	**Cemetery Fund**
Revenues			
Charges for services	$ -	$ -	$ -
Sales taxes	-	-	-
Intergovernmental	-	-	-
Fines and forfeitures	4,131	2,355	-
Interest income	8	8	4
Other revenues	-	-	350
Total revenues	4,139	2,363	354
Expenditures			
Current:			
General government	-	-	350
Public safety	28,536	442	-
Health and welfare	-	-	-
Roads and bridges	-	-	-
Capital outlay	-	-	-
Total expenditures	28,536	442	350
Excess (Deficiency) of Revenues Over Expenditures	(24,397)	1,921	4
Other Financing Sources (Uses)			
Transfers from other funds	-	-	-
Transfers to other funds	-	(1,008)	-
Total other financing sources (uses)	-	(1,008)	-
Net change in fund balances	(24,397)	913	4
Fund Balances, beginning of year	84,025	15,402	2,183
Fund Balances, end of year	$ 59,628	$ 16,315	$ 2,187

Echols County, Georgia
Combining Statement of Revenues
Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds

For the year ended December 31, 2021	Capital Project Fund: TSPLOST Fund	Total Other Governmental Funds
Revenues		
Charges for services	$ -	$ -
Sales taxes	232,038	232,038
Intergovernmental	213,360	213,360
Fines and forfeitures	-	6,486
Interest income	33	53
Other revenues	-	350
Total revenues	445,431	452,287
Expenditures		
Current:		
General government	-	350
Public safety	-	28,978
Health and welfare	-	-
Roads and bridges	19,166	19,166
Capital outlay	390,944	390,944
Total expenditures	410,110	439,438
Excess (Deficiency) of Revenues Over Expenditures	35,321	12,849
Other Financing Sources (Uses)		
Transfers from other funds	-	-
Transfers to other funds	-	(1,008)
Total other financing sources (uses)	-	(1,008)
Net change in fund balances	35,321	11,841
Fund Balances, beginning of year	223,784	325,394
Fund Balances, end of year	$ 259,105	$ 337,235

Echols County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Jail Fund
Nonmajor Special Revenue Funds

For the year ended December 31, 2021	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and forfeitures	$ -	$ -	$ 4,131	$ 4,131
Interest income	-	-	8	8
Total revenues	-	-	4,139	4,139
Expenditures				
Public safety	-	-	28,536	(28,536)
Total expenditures	-	-	28,536	(28,536)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(24,397)	(24,397)
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(24,397)	(24,397)
Fund Balances, beginning of year	84,025	84,025	84,025	-
Fund Balances, end of year	$ 84,025	$ 84,025	$ 59,628	$ (24,397)

Echols County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Drug Education Fund
Nonmajor Special Revenue Funds

For the year ended December 31, 2021	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Fines and forfeitures	$ -	$ -	$ 2,355	$ 2,355
Interest income	-	-	8	8
Total revenues	-	-	2,363	2,363
Expenditures				
Public safety	-	-	442	(442)
Health and welfare	-	-	-	-
Total expenditures	-	-	442	(442)
Excess (Deficiency) of Revenues Over Expenditures	-	-	1,921	1,921
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	(1,008)	1,008
Total other financing sources (uses)	-	-	(1,008)	1,008
Net change in fund balances	-	-	913	2,929
Fund Balances, beginning of year	15,402	15,402	15,402	-
Fund Balances, end of year	$ 15,402	$ 15,402	$ 16,315	$ 2,929

Echols County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Cemetery Fund
Nonmajor Special Revenue Funds

For the year ended December 31, 2021	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Interest income	$ -	$ -	$ 4	$ 4
Miscellaneous	-	-	350	350
Total revenues	-	-	354	354
Expenditures				
General government	-	-	350	(350)
Total expenditures	-	-	350	(350)
Excess (Deficiency) of Revenues Over Expenditures	-	-	4	4
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	4	4
Fund Balances, beginning of year	2,183	2,183	2,183	-
Fund Balances, end of year	$ 2,183	$ 2,183	$ 2,187	$ 4

Echols County, Georgia
Schedule of Special Purpose Local Option Sales Tax Expenditures

For the year ended December 31, 2021	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Special Purpose Local Option Sales Tax - 2007 - 2012 Referendum				
Capital outlay for construction, renovation and/or requisition of county buildings and other structures		$ 184,236	$ -	$ 184,236
Capital outlay for roads, streets and bridges		488,014	72,661	560,675
Major items or equipment and vehicles		1,185,312	36,626	1,221,938
Total expenditures	$1,500,000	$ 1,857,562	$109,287	$1,966,849

Echols County, Georgia
Combining Statement of Fiduciary Net Position
Custodial Funds

December 31, 2021	Office of Tax Commissioner	Sheriff	Clerk of Court	Probate/ Magistrate Court	Total
Assets					
Cash and cash equivalents	$ 2,353,230	10,273	66,138	66,042	$ 2,495,683
Taxes receivable	772,061	-	-	-	772,061
Total assets	3,125,291	10,273	66,138	66,042	3,267,744
Liabilities					
Due to others	3,125,291	10,273	66,138	66,042	3,267,744
Total liabilities	3,125,291	10,273	66,138	66,042	3,267,744
Net Position					
Restricted:					
Individuals, organizations, and other governments	-	-	-	-	-
Total net position	-	-	-	-	-

Echols County, Georgia
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds

For the year ended December 31, 2021	Office of Tax Commissioner	Sheriff	Clerk of Court	Probate/ Magistrate Court	Total
Additions					
Taxes	$ 5,043,229	$ -	$ -	$ 157,720	$ 5,200,949
Fines and Fees	-	13,005	160,877	-	173,882
Total additions	5,043,229	13,005	160,877	157,720	5,374,831
Deductions					
Taxes and fees paid to other governments	5,043,229	-	-	-	5,043,229
Payments to Board of Commissioners	-	-	112,647	154,140	266,787
Payments to other Echols County entities	-	-	-	-	-
Payments to others	-	13,005	48,230	3,580	64,815
Total deductions	5,043,229	13,005	160,877	157,720	5,374,831
Net increase in custodial net position	-	-	-	-	-
Net position, beginning of year	-	-	-	-	-
Net position - end of year	$ -	$ -	$ -	$ -	$ -

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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
of Echols County, Georgia
Statenville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Echols County, Georgia, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Echols County, Georgia's basic financial statements and have issued our report thereon dated June 30, 2022. Our report includes a reference to other auditors who audited the financial statements of the Echols County Health Department, as described in our report on Echols 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.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Echols County, Georgia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Echols County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Echols 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. However, as described in the accompanying schedule of financial statement findings and responses we identified certain deficiencies in internal control that we consider to be material weaknesses [2021-001, 2021-002, 2021-003, 2021-004, 2021-005, 2021-006, 2021-007, 2021-008].

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Echols County Georgia's financial statements are free of 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards,* described in the accompanying schedule of financial statement findings and responses [2021-009].

Echols County, Georgia's Response to Findings

Echols County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of financial statement findings and responses. Echols 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Valdosta, Georgia
June 30, 2022

2021-001

Criteria:

Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel.

Condition:

Echols County, Georgia is a small local government and has a limited amount of resources and employees. Therefore, the County does not have an adequate number of employees to provide for the proper segregation of duties.

Cause of Condition:

Since the County is a small local government, it is not financially feasible for the County to hire additional employees to provide for an adequate segregation of duties.

Effect of Condition:

The County's internal control structure does not contain adequate safeguarding controls provided by segregation of duties that would provide for the prevention or timely detection of unauthorized transactions and unauthorized access to assets that could result in losses that are material to the financial statements.

Response of Management:

Management concurs with the finding and is continually working to improve controls to mitigate the risks associated with this condition.

2021-002

Criteria:

Generally accepted accounting principles require Governmental Fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Condition:

The County's year-end closing policies and procedures did not prevent misstatements in the funds.

Cause of Condition:

Additional year-end closing entries were required for reporting in accordance with generally accepted accounting principles.

Effect of Condition:

Audit adjustments were required for reporting in accordance with generally accepted accounting principles.

Response of Management:

Management concurs with the finding and is developing additional policies and procedures and monitoring activities over financial reporting.

2021-003

Criteria:

Bank reconciliations should be performed to ensure completeness and accuracy of financial information.

Condition:

Bank reconciliations are not prepared for accounts held by the Sheriff's department.

Cause of Condition:

Turnover of staff responsible for bank reconciliation preparation and a lack of written policies and procedures requiring bank reconciliation performance that would ensure continuation of bank reconciliation preparation in the event of staff turnover.

Effect of Condition:

Completeness and accuracy of financial information is not maintained.

Response of Management:

Management concurs with this finding and will develop policies and procedures for bank reconciliation, implement performance of monthly preparation of bank reconciliations, management review and approval of bank reconciliations, and other financial activity as necessary to ensure the accuracy in accounting of financial activity and reliability of financial information.

2021-004

Criteria:

Generally accepted accounting principles ("GAAP") call for revenues to be reported, under the modified accrual basis of accounting for governmental funds, when realized or realizable and are earned and available

Condition:

Internal controls did not detect various misstatements in the reporting of the County's revenue, related receivables, and allowances for uncollectible receivables.

Cause of Condition:

Audit adjustments were necessary to adjust revenues, related receivables, and allowances for uncollectible receivables.

Effect of Condition:

Audit adjustments were required because misstatements were not detected in the reporting of the County's revenues, related receivables and allowances for uncollectible receivables.

Response of Management:

Management concurs with this finding. The adjustments proposed as a result of the findings have been made to the financial statements. We will work to ensure revenues, related receivables and uncollectible receivables are reported accurately in the future.

2021-005

Criteria:

Fund balances should be reconciled and rolled forward from the prior year balance.

Condition:

Reconciliations and roll forwards of fund balances were not properly performed.

Cause of Condition:

Audit adjustments were required to adjust fund balances to beginning balances.

Effect of Condition:

Audit adjustments were required for reporting in accordance with GAAP.

Response of Management:

Management concurs with this finding. The adjustments proposed as a result of the findings were posted to the financial statements. Management is developing additional policies and procedures and monitoring activities over the fund balances.

2021-006

Criteria:

Transactions between County funds should be recorded timely, accurately and appropriately in accordance with GAAP.

Condition:

Internal controls over these transactions failed to detect misstatements and incorrectly recorded transactions.

Cause of Condition:

Failure to record transactions between County funds timely, accurately and appropriately.

Effect of Condition:

Amounts due between County funds were misstated. The misstatements were detected as a result of audit procedures.

Response of Management:

Management concurs with this finding. The adjustments proposed as a result of the findings have been made to the financial statements. We will work toward improving the accounting for transactions between County funds.

2021-007

Criteria:

Generally accepted accounting principles (“GAAP”) require expenditures to be recognized when a liability is incurred.

Condition:

Internal controls did not detect various misstatements in the reporting of the County’s expenditures and related prepaid expenses, accounts payable and accrued expenses.

2021-007 (Continued)

Cause of Condition:

Audit adjustments were necessary to record expenditures and related accounts payable, prepaid expenses and accrued expenses

Effect of Condition:

Audit adjustments were required because misstatements were not detected in the reporting of the County's expenditures and related accounts payable, prepaid expenses and accrued expenses.

Response of Management:

Management concurs with this finding. The adjustments proposed as a result of the findings have been made to the financial statements. We will work to ensure expenditures and related accounts payable, prepaid expenses and accrued expenses are reported accurately in the future.

2021-008

Criteria:

Generally accepted accounting principles ("GAAP") require Custodial funds to be reported on the accrual basis of accounting.

Condition:

Internal controls did not detect various misstatements in the reporting of the County's Custodial funds.

Cause of Condition:

Audit adjustments were necessary to report Custodial funds on the accrual basis of accounting.

Effect of Condition:

Audit adjustments were required because misstatements were not detected in the reporting of the County's Custodial funds.

Response of Management:

Management concurs with this finding. The adjustments proposed as a result of the findings have been made to the financial statements. We will work to ensure the County's Custodial funds are reported on the accrual basis of accounting in the future.

Instance of Noncompliance

2021-009

Criteria:

State statues require an annual balanced budget for each special revenue fund.

Condition:

The County's policies and procedures for budget administration did not prevent formal budgets from not being adopted for the Jail, Drug Education, E-911, ARP and Cemetery Funds and Solid Waste Tax Funds.

Cause of Condition:

The County's monitoring controls were not implemented as a result of these funds being managed outside of the Finance Department in separate locations.

Effect of Condition:

The County is not in compliance with state law by not adopting budgets for all special revenue funds.

Response of Management:

Management concurs with this finding and is continuing to work toward developing additional policies, procedures, and monitoring activities over budget administration.

Prior Year Findings

The current year finding 2021-001 was reported as finding 2020-001 in the prior year.

The current year finding 2021-002 was reported as finding 2020-002 in the prior year.

The current year finding 2021-003 was reported as finding 2020-003 in the prior year.

The current year finding 2021-009 was reported as finding 2020-004 in the prior year.