FANNIN COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT
(WITH INDEPENDENT AUDITOR'S REPORT)

Year Ended December 31, 2022

FANNIN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
For The Year Ended December 31, 2022

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report	i-iv
Management's Discussion and Analysis	v-xiii
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	1 - 2
Statement of Activities	3
FUND FINANCIAL STATEMENTS	
Balance Sheet - Governmental Funds	4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Fiduciary Net Position - Fiduciary Funds	8
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	9
COMPONENT UNITS	
Combining Statement of Net Position	10
Combining Statement of Activities	11
NOTES TO FINANCIAL STATEMENTS	12 - 47
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Net Pension Liability - Fannin County Defined Benefit Plan	48 - 49
Schedule of Contributions - Fannin County Defined Benefit Plan	50 - 51
Schedule of Notes to Required Supplementary Information - Fannin County Defined Benefit Plan	52
Budgetary Comparison Schedule	
- General Fund	53 - 54
- Excise Lodging Tax	55
- Fiscal Recovery Fund	56
COMBINING STATEMENTS AND SCHEDULES	
NONMAJOR GOVERNMENTAL FUNDS	
Combining Balance Sheet	57 - 58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	59 - 60
Supplemental Budgetary Comparison Schedule	
-Law Library Special Revenue Fund	61

-Confiscated Assets Special Revenue Fund 62
-Muliple Grants Special Revenue Fund 63
-Crime Victims Assistance Special Revenue Fund 64
-Drug Special Revenue Fund 65
-Jail Special Revenue Fund 66
-Juvenile Special Revenue Funds 67
-Clerks Technology Special Revenue Fund 68
-Revolving Loan Special Revenue Fund 69
-Donations / Special Projects Special Revenue Fund 70
-E-911 Special Revenue Fund 71
-Inmate Welfare Special Revenue Fund 72

FIDUCIARY FUNDS

Combining Statement of Net Position - All Fiduciary Funds 73
Combining Statement of Changes in Net Position - All Fiduciary Funds 74

SUPPLEMENTAL INFORMATION

Schedule of Projects Constructed with Special Purpose Local Option Sales Tax 75-76
Schedule of State Contractual Assistance 77

COMPLIANCE AND INTERNAL CONTROL REPORTS

Schedule of Expenditures of Federal Awards 78

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 79-80

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance 81-84

Auditor's Schedule of Findings and Questioned Costs 85-90

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INDEPENDENT AUDITOR'S REPORT

August 7, 2023

Board of Commissioners
FANNIN COUNTY, GEORGIA
Blue Ridge, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of FANNIN COUNTY, GEORGIA, as of and for the year ended December 31, 2022, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of FANNIN COUNTY, GEORGIA, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the FANNIN COUNTY WATER AUTHORITY, a component unit of the County, as of June 30, 2022, which represent 67.25%, 66.89%, and 51.37%, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the FANNIN COUNTY WATER AUTHORITY, is based solely on the report of the other auditors. We did not audit the financial statements of the FANNIN COUNTY HEALTH DEPARTMENT, a component unit of the County, as of June 30, 2022, which represent 8.20%, 5.46%, and 42.51%, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the FANNIN COUNTY HEALTH DEPARTMENT, 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 Audit 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 Financial Statements section of our report. We are required to be independent of FANNIN COUNTY, GEORGIA and to meet our 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FANNIN 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 audit 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 FANNIN 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 FANNIN 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 findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Net Pension Liability - Fannin County Defined Benefit Plan, Schedule of Contributions - Fannin County Defined Benefit Plan, Schedule of Notes to Required Supplementary Information - Fannin County Defined Benefit Plan, Budgetary Comparison Schedule - General Fund, Budgetary Comparison Schedule - Excise Lodging Tax and Budgetary Comparison Schedule - Fiscal Recovery Fund, listed in the table of contents 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 and other auditors 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 the FANNIN COUNTY, GEORGIA's basic financial statements. The combining and individual nonmajor fund financial statements, Schedule of Projects Constructed with Special Purpose Local Sales Tax Proceeds, which is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and Schedule of State Contractual

Assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CRT) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the supplementary information identified above is 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 August 7, 2023, on our consideration of the FANNIN 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the FANNIN 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 FANNIN COUNTY, GEORGIA's internal control over financial reporting and compliance.

Bates, Carter & Co., LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Fannin County, Georgia (the "County"), we provide this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2022. The County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The County's assets exceeded its liabilities by $84,454,349 (net position) for the year reported. This represents an increase of $14,748,559 from the previous year.

Total net position is comprised of the following:

1. Net investment in capital assets equaled $36,233,923.
2. Net position of $21,096,676 is restricted for debt service, capital outlay, or by other constraints imposed by law or regulations.
3. At the end of 2022, unrestricted net position balance increased by $7,660,295 from $19,463,455 to $27,123,750.

The County's governmental funds reported total ending fund balance of $48,911,439. This compares to the prior year ending fund balance of $41,397,237 showing an increase of $7,514,202 during the current year.

At the end of 2022, unassigned fund balance for the County's governmental funds was $27,590,730.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis introduces the County's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government – wide statements and fund financial statements. This report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances and are more comparable to the financial statements of private-sector businesses. The government-wide statements provide both short and long-term information about the County's financial status as a whole. Government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and total liabilities. Changes in net position indicate the improvement (an increase) or deterioration (a decrease) in the County's financial condition.

The first of these government-wide statements is the *Statement of Net Position*. This statement presents information that includes all of the County's assets and liabilities, with the difference reported as total net position.

The second government-wide statement is the *Statement of Activities* which indicates how the County's net position changed during the current fiscal year. This report is designed to show the financial reliance of the County's activities and functions on revenues provided by County taxpayers.

The government-wide statements are divided into governmental activities and component units.

Governmental activities include most of the County's basic services such as general administration, public safety, public works, court systems, culture and recreation, health and welfare, and housing and development. Property taxes, sales taxes, and state and federal grants finance most of these activities.

Component Units for the County include the Development Authority, the Water Authority, and the Fannin County Department of Public Health. Separate financial statements are issued for all component units other than the Development Authority. See page 10 of the financial statements for more information.

Fund Financial Statements

Fannin County, like all other governmental entities in Georgia, uses fund accounting to ensure compliance with finance-related laws and regulations. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the County can be classified as governmental funds, proprietary funds, or fiduciary funds.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. These funds focus on how assets can readily be converted into cash and the amount of funds left at year-end that will be available for spending in the next fiscal year. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps determine if there are financial resources available to finance the County's programs. Most of the County's basic services are accounted for in governmental funds.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the Government. Fannin County's fiduciary funds are considered custodial funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data presented in both the government-wide and fund financial statements. The notes to the financial statements begin on page 12 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The table below presents the County's condensed *Statement of Net Position.* Comparison analysis is made from the year ended December 31, 2022 to the year ended December 31, 2021 as required by GASB Statement No. 34.

Comparative Schedule of Net Position
December 31, 2022 and 2021

	Governmental Activities	
	2022	2021
Capital assets (net of depreciation)	$ 36,632,819	$ 34,041,225
Current and other assets	54,556,802	40,568,417
Total Assets	91,189,621	74,609,642
Total deferred outflows of resources	1,333,957	1,548,939
Long-term liabilities	2,001,260	2,458,291
Other liabilities	5,075,270	2,938,837
Total liabilities	7,076,530	5,397,128
Total deferred inflows of resources	992,699	1,055,663
Net Position:		
Net investment in capital assets	36,233,923	33,652,655
Restricted	21,096,676	16,589,680
Unrestricted	27,123,750	19,463,455
Total net position	$ 84,454,349	$ 69,705,790

Over time, net position serves as a useful indicator of a government's financial position. The County's net position totaled $84,454,349 at December 31, 2022 compared to $69,705,790 at December 31, 2021. The total increase was $14,748,559.

The largest portion of net position, $36,233,923 (43%), reflects the County's investment in capital assets (land, buildings, machinery and equipment) less accumulated depreciation and any related debt still outstanding that was issued to acquire those assets. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investments in capital assets are reported net of outstanding debt, the resources needed to repay the debt must be provided by other sources as the capital assets cannot be liquidated to pay the liabilities. The County has $21,096,676 (25%) of restricted net position that is subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion of net position represents $27,123,750 (32%) of unrestricted net position.

The table below presents the County's condensed *Statement of Activities* for the year ended December 31, 2022 with comparative amounts for the year ended December 31, 2021.

Comparative Schedule of Changes in Net Position
December 31, 2022 and 2021

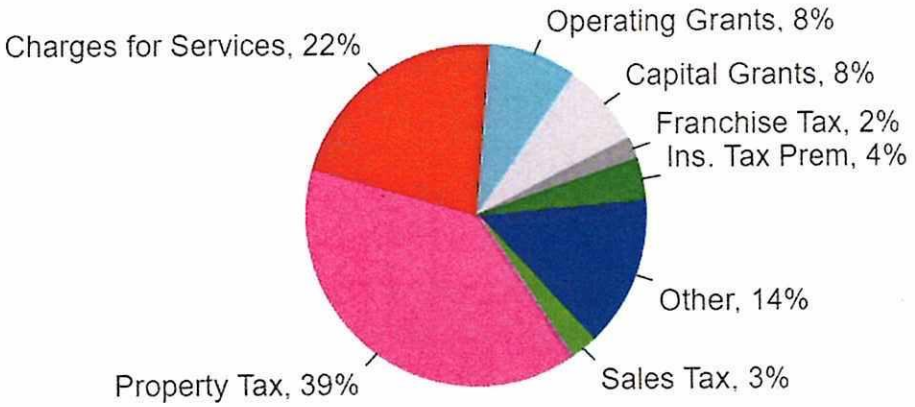
	Governmental Activities	
	2022	2021
REVENUES		
Program revenues		
Charges for services	$ 3,876,897	$ 3,362,965
Operating grants and contributions	3,620,944	3,178,407
Capital grants and contributions	960,410	859,477
Subtotal for program revenues	8,458,251	7,400,849
General revenues		
Property taxes	10,009,636	9,659,613
Sales taxes	17,759,869	15,939,881
Insurance premium tax	1,747,690	1,598,801
Other taxes	1,186,759	1,316,706
Interest and investment earnings	130,462	15,008
Other revenue	6,616,459	5,962,148
Gain on sale of capital assets	44,519	188,833
Subtotal for general revenues	37,495,394	34,680,990
Total revenues	45,953,645	42,081,839
EXPENSES		
Program expenses		
General government	6,843,160	5,634,044
Judicial	2,569,711	2,324,326
Public safety	9,867,050	9,209,437
Public works	6,040,812	5,557,483
Health & welfare	412,521	317,989
Recreation & culture	1,681,482	1,665,458
Housing and development	3,786,738	3,418,107
Interest and paying agent fees	8,259	18,661
Total expenses	31,209,733	28,145,505
Change in net position	14,743,912	13,936,334
Net position, beginning of year	69,705,790	55,769,456
Change in accounting principle	4,647	-
Net position, beginning as restated	69,710,437	47,573,933
Net position, end of year	$ 84,454,349	$ 69,705,790

Governmental Activities Revenues such as property taxes, insurance premium tax and other taxes, continue as the main source of revenue for governmental activities which totaled $37,495,394 in 2022 compared to $34,680,990 in 2021. This change is an increase of 8%.

Governmental Activities Expenses by function as reflected in the table above show that during 2022, the County expended 32% for Public Safety, 8% for Judicial, 19% for Public Works, 22% for General Government, 5% for Culture and Recreation, 12% for Housing and Development, 1% for Health and Welfare, and 1% for Interest on Long-term debt.

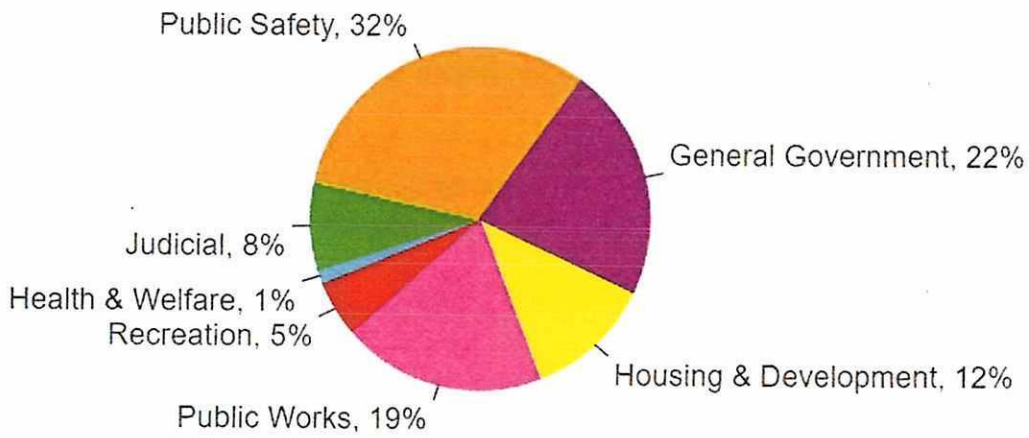
As a comparative, during fiscal year 2021, the County expended 33% for Public Safety, 8% for Judicial, 20% for Public Works, 20% for General Government, 6% for Culture and Recreation, 12% for Housing and Development, 1% for Health and Welfare, and 1% for Interest on Long-term debt.

Revenues by Source
Government-Wide Activities



*Due to rounding, charts may not always equal 100%

Expenses by Function
Government-Wide Activities



*Due to rounding, charts may not always equal 100%

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the Government's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The major governmental funds are the General Fund and SPLOST Fund. The General Fund is the chief operating fund of the County. It is used to account for all governmental financial resources not restricted by state or federal laws, local ordinances, or other imposed requirements. The County's General Fund reported ending fund balance of $27,826,078. This compares to the prior year ending fund balance of $20,798,823, showing an increase of $7,027,255 during the current year. At the end of fiscal year 2022, unassigned fund balance for the County's General Fund was $27,599,702.

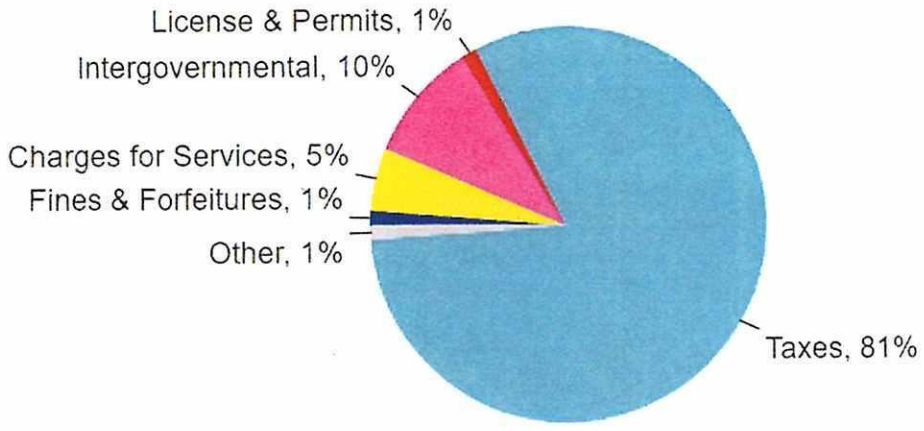
The County's Excise Tax Lodging Fund balance increased $24,554 from 2021. The Excise Tax Lodging Fund has an ending fund balance of $490,773 which is restricted for Housing and Development Programs.

The County's Fiscal Recovery Fund balance increased $538 from 2021. The Fiscal Recovery Fund has an ending fund balance of $800 which is restricted for various programs.

The County's other major governmental fund is the SPLOST Fund. The fund balance of the SPLOST Fund increased by $3,769,493 during the current fiscal year. Collections for 2014 SPLOST began on July 1, 2014. Based on the approved 2014 SPLOST referendum, the majority of the 2014 SPLOST revenues are allocated for capital road projects and public safety. The SPLOST Fund has an ending fund balance of $18,003,775 which is restricted for capital projects as outlined in the 2014 SPLOST referendum.

In 2022, governmental revenues increased $3,871,806 from 2021. This increase is primarily due to activity in the General Fund related to an increase in revenues from taxes, licenses and permits, and intergovernmental funding. The County recognized $69,705,790 as revenue, which includes $837,080 from the American Rescue Plan Act funding which contributed to the increase in governmental revenues. American Rescue Plan Act funding of $3,199,132 remains in unearned revenue to be recognized in future years.

Revenues by Source
Fund Level - Governmental



*Due to rounding, charts may not always equal 100%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County's capital assets for governmental activities as of December 31, 2022 total $36,632,819 (net of accumulated depreciation). These assets include land, land improvements, infrastructure, buildings, machinery and equipment, furniture and fixtures, vehicles and construction in progress.

Fannin County's Capital Assets
(Net of depreciation)

	Governmental Activities	
	2022	2021
Land and improvements	$ 2,845,993	$ 2,832,704
Construction in progress	2,207,704	1,398,079
Buildings	16,074,690	16,590,621
Machinery & equipment	4,015,249	3,252,547
Furniture & fixtures	-	-
Vehicles	-	-
Infrastructure	11,489,183	9,967,274
Total Assets	$ 36,632,819	$ 34,041,225

Detailed information on the County's capital assets can be found in Note 6 of the basic financial statements.

Long-term Debt. During 2022, the long-term debt of Fannin County's governmental activities decreased by $(484,479). The net pension liability decreased by $(336,657).

Fannin County's Outstanding Debt
Bonds Payable, Capital Leases, Notes Payable, Claims, and Other Debts

	Governmental Activities	
	2022	2021
Capital leases	240,749	388,571
Net pension liability	1,880,885	2,217,542
Totals	$ 2,121,634	$ 2,606,113

Additional information regarding Fannin County's long-term debt can be found in Note 7 of the basic financial statements

ECONOMIC FACTORS AND THE 2023 BUDGET

- The 2022 millage rate decreased compared to the 2021 millage rate at 2.755 per $1,000 of valuation. The 2022 net tax digest reflected an increase in overall valuation. The 2022 total County taxes levied increased $111,612 as compared to 2021. The County property tax digest is assessed and recorded as revenue in the same fiscal period. The budget for fiscal year 2022 is created using historical trends and future projections.

- The 2023 budget was approved and adopted by the Board of Commissioners on December 13, 2022. The 2023 operating budget increased in the amount of $7,822,947 from $37,218,695 to $39,533,151. The majority of the revenue increase is in tax revenues, primarily the approval of the new six year Special Purpose Local Option Sales Tax along with thecounty's continued collection of property taxes, insurance premium tax and other taxes. These taxes continue to be the main source of revenue.

- Another source of revenue is the American Rescue Pan Act Funding which has contributed to paying for governmental expenditures. The local economy is supported by continued growth in tourism and the building industry. All these factors contribute to the health of Fannin County's fund balance.

- Monthly budgetary reports are provided to all department heads, elected officials and the Board of Commissioners.

- As referred to in Note 18 of the Financial Statements, fiscal year 2023 may have some unexpected differences in the upcoming financials due to the spread of a strain of coronavirus. This outbreak may negatively impact operating results in the future due to operational disruptions caused by the pandemic.

Fannin County management continues to monitor revenue collection rates and control budgetary spending in an effort to provide services at or above current levels without further burdening the county taxpayers.

REQUESTS FOR INFORMATION

This report is designed to provide the reader a general overview of the County's finances and demonstrate Management's commitment to public accountability. Questions concerning any of the information found in this report or requests for additional information should be directed to Sherri Walker, Finance Director for Fannin County Board of Commissioners, 400 West Main Street, Suite 100, Blue Ridge, Georgia 30513.

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

	PRIMARY GOVERNMENT	
	GOVERNMENTAL ACTIVITIES	COMPONENT UNITS
ASSETS		
Cash	$ 50,062,018	$ 1,741,852
Capital lease receivable	4,298	95,253
Receivables (net of allowance for uncollectibles)	4,034,779	181,188
Inventories	43,035	1,223,324
Prepaid items	226,912	10,237
Restricted assets:		
Cash	-	902,413
Non-current assets:		
Lease receivable	185,760	419,762
Property held for resale	-	3,300
Net pension asset	-	87,158
Capital assets:		
Capital assets not being depreciated	5,053,697	664,617
Capital assets being depreciated	74,670,577	8,593,266
Less: accumulated depreciation	(43,091,455)	(2,010,825)
Capital assets, net of depreciation	36,632,819	7,247,058
TOTAL ASSETS	91,189,621	11,911,545
DEFERRED OUTFLOWS OF RESOURCES		
Pension expense	1,333,957	136,380
OPEB expense	-	39,070
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,333,957	175,450
TOTAL ASSETS & DEFERRED OUTFLOWS	92,523,578	12,086,995
LIABILITIES		
Accounts payable	1,548,830	35,005
Accrued interest payable	-	5,355
Other accrued items	199,336	47,100
Due to other governments	6,260	36,190
Unearned revenue	3,199,132	6,949
Amounts held in trust	-	22,120
Noncurrent liabilities:		
Due within one year		
Compensated absences payable	-	19,947
Estimated claims payable	1,337	-
Notes from direct borrowings	-	44,019
Financed purchases	120,375	-
Revenue bonds payable	-	120,480
Due in more than one year		
Compensated absences payable	-	13,298
Net pension liability	1,880,885	30,196
Net OPEB liability	-	269,044
Notes from direct borrowings	-	421,389
Financed purchases	120,375	-
Revenue bonds payable	-	2,939,733
TOTAL LIABILITIES	7,076,530	4,010,825

CONTINUED...

The accompanying notes are an integral part of this statement.

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

...CONTINUED	GOVERNMENTAL ACTIVITIES	COMPONENT UNITS
DEFERRED INFLOWS OF RESOURCES		
Lease receipts	181,619	422,124
Pension expense	811,080	257,591
OPEB expense	-	156,528
TOTAL DEFERRED INFLOWS OF RESOURCES	992,699	836,243
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	8,069,229	4,847,068
NET POSITION		
Net investment in capital assets	36,233,923	4,508,802
Restricted for:		
Capital outlay projects	18,005,384	196,160
Judicial programs	451,715	-
Public safety programs	2,039,153	-
Health and welfare programs	-	381,655
Housing and development programs	600,424	-
Unrestricted	27,123,750	2,153,310
TOTAL NET POSITION	$ 84,454,349	$ 7,239,927

The accompanying notes are an integral part of this statement.

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

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) AND CHANGES IN NET POSITION: COMPONENT UNITS
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES						
General government	$ 6,843,160	$ 456,470	$ 2,201,433	$ -	$ (4,185,257)	$ -
Judicial	2,569,711	662,710	287,616	-	(1,619,385)	-
Public safety	9,867,050	1,913,399	1,089,184	-	(6,864,467)	-
Public works	6,040,812	145,501	26,272	960,410	(4,908,629)	-
Public health and welfare	412,521	-	16,439	-	(396,082)	-
Recreation and culture	1,681,482	321,175	-	-	(1,360,307)	-
Housing and development	3,786,738	377,642	-	-	(3,409,096)	-
Interest	8,259	-	-	-	(8,259)	-
Total Governmental Activities	31,209,733	3,876,897	3,620,944	960,410	(22,751,482)	-
TOTAL PRIMARY GOVERNMENT	$ 31,209,733	$ 3,876,897	$ 3,620,944	$ 960,410	(22,751,482)	-
COMPONENT UNITS						
Health Department	$ 628,431	$ 445,325	$ 391,464	$ -	-	208,358
Water Authority	654,310	342,614	-	668,363	-	356,667
Development Authority	103,820	84,002	35,361	-	-	15,543
TOTAL COMPONENT UNITS	$ 1,386,561	$ 871,941	$ 426,825	$ 668,363	-	580,568
GENERAL REVENUES						
Property taxes					10,009,636	-
Sales taxes					17,759,869	-
Insurance premium taxes					1,747,690	-
Real estate recording taxes					1,186,759	-
Other taxes					6,616,459	-
Total taxes					37,320,413	-
Unrestricted investment earnings					130,462	1,741
Sale of county property					44,519	-
TOTAL GENERAL REVENUES AND TRANSFERS					37,495,394	1,741
CHANGES IN NET POSITION					14,743,912	582,309
NET POSITION, Beginning					69,705,790	6,579,729
CHANGE IN ACCOUNTING PRINCIPLE					4,647	77,889
NET POSITION, Beginning as restated					69,710,437	6,657,618
NET POSITION, Ending					$ 84,454,349	$ 7,239,927

The accompanying notes are an integral part of this statement.

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

	GENERAL	EXCISE TAX LODGING	SPLOST	FISCAL RECOVERY FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash	$ 25,897,675	$ 1,144,834	$ 17,368,102	$ 3,201,582	$ 2,449,824	$ 50,062,017
Receivables (net of allowance for uncollectibles)	2,308,679	647,887	900,921	-	177,293	4,034,780
Lease receivables	190,057	-	-	-	-	190,057
Interfund receivables	653,994	-	-	-	661	654,655
Prepaid items	211,919	-	-	-	14,992	226,911
Inventories	14,457	-	28,578	-	-	43,035
TOTAL ASSETS	29,276,781	1,792,721	18,297,601	3,201,582	2,642,770	55,211,455
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 29,276,781	$ 1,792,721	$ 18,297,601	$ 3,201,582	$ 2,642,770	$ 55,211,455
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 558,901	$ 648,696	$ 293,826	$ 1,650	$ 45,755	$ 1,548,828
Other accrued items	199,336	-	-	-	-	199,336
Due to other governments	-	-	-	-	6,260	6,260
Interfund payables	661	653,252	-	-	742	654,655
Unearned revenue	-	-	-	3,199,132	-	3,199,132
Estimated claims payable	1,337	-	-	-	-	1,337
TOTAL LIABILITIES	760,235	1,301,948	293,826	3,200,782	52,757	5,609,548
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	412,351	-	-	-	-	412,351
Unavailable revenue - ambulance	96,498	-	-	-	-	96,498
Unearned revenue - Lease receipts	181,619	-	-	-	-	181,619
TOTAL DEFERRED INFLOWS OF RESOURCES	690,468	-	-	-	-	690,468
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,450,703	1,301,948	293,826	3,200,782	52,757	6,300,016
FUND BALANCES						
Nonspendable:						
Prepaid expenditure	211,919	-	-	-	15,653	227,572
Inventories	14,457	-	28,578	-	-	43,035
Restricted:						
Capital outlay projects	-	-	17,975,197	262	1,347	17,976,806
Judicial programs	-	-	-	-	450,994	450,994
Public safety programs	-	-	-	538	2,021,340	2,021,878
Housing and development programs	-	490,773	-	-	109,651	600,424
Unassigned	27,599,702	-	-	-	(8,972)	27,590,730
TOTAL FUND BALANCES	27,826,078	490,773	18,003,775	800	2,590,013	48,911,439
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 29,276,781	$ 1,792,721	$ 18,297,601	$ 3,201,582	$ 2,642,770	$ 55,211,455

The accompanying notes are an integral part of this statement.

FANNIN COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2022

Total Fund Balances for Governmental Funds (page 4)		$ 48,911,439
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		36,632,819
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.		
Property Taxes	412,351	
Ambulance Charges	96,498	
		508,849
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability	(1,880,885)	
Net deferred inflows (outflows) - pension expense	522,877	
Financed purchases	(240,750)	
		(1,598,758)
Total net position of governmental activities (page 2)		$ 84,454,349

The accompanying notes are an integral part of this statement.

FANNIN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	GENERAL	EXCISE TAX LODGING	SPLOST	FISCAL RECOVERY FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Taxes	$ 20,758,717	$ 6,429,163	$ 10,109,052	$ -	$ -	$ 37,296,932
Licenses and permits	578,792	-	-	-	-	578,792
Intergovernmental	2,317,163	-	864,180	837,080	455,263	4,473,686
Fines and forfeitures	531,493	-	-	-	61,328	592,821
Charges for services	1,722,149	-	-	-	634,831	2,356,980
Contributions and donations	3,938	7,500	-	-	-	11,438
Investment income	114,081	4,504	96,230	538	11,339	226,692
Miscellaneous	243,226	-	16	-	8,595	251,837
TOTAL REVENUES	26,269,559	6,441,167	11,069,478	837,618	1,171,356	45,789,178
EXPENDITURES						
Current Expenditures						
General government	5,909,223	-	5,077	599,885	-	6,514,185
Judicial	2,542,051	-	-	-	58,055	2,600,106
Public safety	8,383,291	-	39,690	-	939,187	9,362,168
Public works	1,857,818	-	3,231,093	-	-	5,088,911
Public health and welfare	295,888	-	-	-	1,772	297,660
Recreation and culture	1,522,623	2,083	-	-	-	1,524,706
Housing and development	565,291	3,204,048	-	31,395	-	3,800,734
Intergovernmental	22,500	-	-	-	49,125	71,625
Capital outlay	515,651	-	4,031,952	205,800	145,830	4,899,233
Debt service						
Principal	147,821	-	-	-	-	147,821
Interest	8,259	-	-	-	-	8,259
TOTAL EXPENDITURES	21,770,416	3,206,131	7,307,812	837,080	1,193,969	34,315,408
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	4,499,143	3,235,036	3,761,666	538	(22,613)	11,473,770
OTHER FINANCING SOURCES (USES)						
Sale of county property	44,519	-	-	-	-	44,519
Transfers in	3,212,967	-	7,827	-	726,194	3,946,988
Transfers out	(734,021)	(3,210,482)	-	-	(2,485)	(3,946,988)
TOTAL OTHER FINANCING SOURCES (USES)	2,523,465	(3,210,482)	7,827	-	723,709	44,519
NET CHANGE IN FUND BALANCES	7,022,608	24,554	3,769,493	538	701,096	11,518,289
FUND BALANCES, Beginning of year	20,798,823	466,219	14,234,282	262	1,888,917	37,388,503
CHANGE IN ACCOUNTING PRINCIPLE	4,647	-	-	-	-	4,647
FUND BALANCES, Beginning, as restated	20,803,470	466,219	14,234,282	262	1,888,917	37,393,150
FUND BALANCES, End of year	$ 27,826,078	$ 490,773	$ 18,003,775	$ 800	$ 2,590,013	$ 48,911,439

The accompanying notes are an integral part of this statement.

FANNIN COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

Net change in fund balances (page 6)		$ 11,518,289
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays	4,899,233	
Depreciation expense	(2,100,762)	
		2,798,471
In the statement of activities, only the gain/loss on the sale of various capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.		
Net book value of capital assets sold/disposed	(206,877)	
		(206,877)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	23,481	
Ambulance charges	96,468	
		119,949
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances.		
Principal payments on long-term debt	147,821	
		147,821
Net pension liability is not available during the current period and therefore is not reported in the fund and changes in the ACCG pension plan actuarial assumptions are reported in deferred outflows and inflows.		
End of year- Deferred outflows to pension	1,333,957	
Beginning of year- Deferred outflows to pension	(1,548,939)	
End of year- Deferred inflows to pension	(811,080)	
Beginning of year- Deferred inflows to pension	1,055,663	
End of year- net pension liability	(1,880,885)	
Beginning of year- net pension liability	2,217,542	
		366,258
Rounding		1
Changes in net position of governmental activities (page 3)		$14,743,912

The accompanying notes are an integral part of this statement.

FANNIN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2022

	CUSTODIAL FUNDS
ASSETS	
Cash	$ 5,415,685
TOTAL ASSETS	5,415,685
LIABILITIES	
Accounts Payable	4,456,061
TOTAL LIABILITIES	4,456,061
NET POSITION	
Restricted for others	959,624
TOTAL NET POSITION	$ 959,624

The accompanying notes are an integral part of this statement.

FANNIN COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2022

	CUSTODIAL FUNDS
ADDITIONS	
Taxes collected for other entities	$ 38,276,689
Fees collected for other entities	533,122
Court individual cases	912,692
Inmate account deposits	149,833
TOTAL ADDITIONS	39,872,336
DEDUCTIONS	
Payment of taxes to other entities	38,276,689
Payments of fees to other entities	521,519
Payments to others	1,254,816
Payments to/for inmates	147,620
TOTAL DEDUCTIONS	40,200,644
CHANGE IN NET POSITION	(328,308)
NET POSITION, Beginning of year	1,287,932
NET POSITION, End of year	$ 959,624

The accompanying notes are an integral part of this statement.

FANNIN COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
December 31, 2022

	HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY	WATER AUTHORITY	TOTAL
ASSETS				
Cash	$ 840,748	$ 527,110	$ 373,994	$ 1,741,852
Lease receivable	-	95,253	-	95,253
Receivables (net of allowance for uncollectibles)	19,686	-	161,502	181,188
Inventories	380	1,188,380	34,564	1,223,324
Prepaid items	-	3,531	6,706	10,237
Restricted assets:				
Cash	-	-	902,413	902,413
Non-current assets:				
Lease receivable	-	419,762	-	419,762
Property held for resale	-	-	3,300	3,300
Net pension asset	87,158	-	-	87,158
Capital assets:				
Capital assets not being depreciated	-	142,371	522,246	664,617
Capital assets being depreciated	74,269	1,371,576	7,147,421	8,593,266
Less: accumulated depreciation	(45,204)	(823,655)	(1,141,966)	(2,010,825)
Capital assets, net of depreciation	29,065	690,292	6,527,701	7,247,058
TOTAL ASSETS	977,037	2,924,328	8,010,180	11,911,545
DEFERRED OUTFLOWS OF RESOURCES				
Pension expense	136,380	-	-	136,380
OPEB expense	39,070	-	-	39,070
TOTAL DEFERRED OUTFLOWS OF RESOURCES	175,450	-	-	175,450
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	1,152,487	2,924,328	8,010,180	12,086,995
LIABILITIES				
Accounts payable	2,381	3,352	29,272	35,005
Accrued interest payable	-	-	5,355	5,355
Other accrued items	-	-	47,100	47,100
Due to other governments	8,075	27,974	141	36,190
Unearned revenue	-	-	6,949	6,949
Amounts held in trust	-	3,500	18,620	22,120
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	19,947	-	-	19,947
Notes from direct borrowing	-	44,019	-	44,019
Revenue bonds payable	-	-	120,480	120,480
Due in more than one year				
Compensated absences payable	13,298	-	-	13,298
Net OPEB liability	30,196	-	-	30,196
Net pension liability	269,044	-	-	269,044
Notes from direct borrowing	-	421,389	-	421,389
Revenue bonds payable	-	-	2,939,733	2,939,733
TOTAL LIABILITIES	342,941	500,234	3,167,650	4,010,825
DEFERRED INFLOWS OF RESOURCES				
Lease receipts	-	422,124	-	422,124
Pension expense	257,591	-	-	257,591
OPEB expense	156,528	-	-	156,528
TOTAL DEFERRED INFLOWS OF RESOURCES	414,119	422,124	-	836,243
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	757,060	922,358	3,167,650	4,847,068
NET POSITION				
Net investment in capital assets	29,065	224,885	4,254,852	4,508,802
Restricted for:				
Capital outlay projects	-	-	196,160	196,160
Public health and welfare	381,655	-	-	381,655
Unrestricted	(15,293)	1,777,085	391,518	2,153,310
TOTAL NET POSITION	$ 395,427	$ 2,001,970	$ 4,842,530	$ 7,239,927

The accompanying notes are an integral part of this statement.

FANNIN COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

FUNCTIONS/PROGRAMS COMPONENT UNITS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY	WATER AUTHORITY	TOTAL
	.....PROGRAM REVENUES.....				....NET (EXPENSE) AND CHANGES IN NET POSITION....			
GOVERNMENTAL ACTIVITIES								
Health Department	$ 628,431	$ 445,325	$ 391,464	$ -	$ 208,358	$ -	$ -	$ 208,358
BUSINESS-TYPE ACTIVITIES								
Water Authority	654,310	342,614	-	668,363	-	-	356,667	356,667
Development Authority	103,820	84,002	35,361	-	-	15,543	-	15,543
TOTAL COMPONENT UNITS	$ 1,386,561	$ 871,941	$ 426,825	$ 668,363	208,358	15,543	356,667	580,568
GENERAL REVENUES								
Unrestricted investment earnings					107	1,294	340	1,741
TOTAL GENERAL REVENUES AND TRANSFERS					107	1,294	340	1,741
CHANGES IN NET POSITION					208,465	16,837	357,007	582,309
NET POSITION, Beginning					186,962	1,907,244	4,485,523	6,579,729
CHANGE IN ACCOUNTING PRINCIPLE					-	77,889	-	77,889
NET POSITION, Beginning as restated					186,962	1,985,133	4,485,523	6,657,618
NET POSITION, Ending					$ 395,427	$ 2,001,970	$ 4,842,530	$ 7,239,927

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

The County is a political subdivision of the State of Georgia, located about 60 miles north of Atlanta. The County is governed by three elected Commissioners. In addition, there are four Constitutional Officers: the Tax Commissioner, Probate Court Judge, Sheriff, and Clerk of Superior Court. The Constitutional Officers are elected county wide. The Board of County Commissioners budgets and approves all funding used by the separate Constitutional Officers. As required by generally accepted accounting principles, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable and for which a financial benefit or burden relationship is present. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the County.

Blended component units, although legally separate entities, are, in substance, part of the Government's operations. A brief description of the blended component unit follows:

FANNIN COUNTY BUILDING AUTHORITY: The Building Authority is governed by a board appointed by the County Commissioners who have the ability to impose their will on the Building Authority. Although it is legally separate from the County, the Building Authority is reported as if it is a part of the primary government, as a blended component unit, because its primary purpose is to acquire, construct, and maintain capital projects for use by the County. Separate financial statements for the Building Authority are not prepared. Financial information related to the Fannin County Building Authority may be obtained from the Office of the County Clerk of Fannin County, Georgia.

Brief descriptions of discretely presented component units follow:

FANNIN COUNTY DEPARTMENT OF PUBLIC HEALTH: The Health Department is governed by a seven member board comprised of a Fannin County Commission representative, the Fannin County school superintendent, a licensed physician practicing in Fannin County, a City of Blue Ridge Council representative, and two members appointed by the City of Blue Ridge Council. The Health Department is reported as a component unit of the County because it is fiscally accountable. The Health Department

provides health related services to residents of Fannin County. The County provides the Health Department with its building space, liability insurance, maintenance on the building, and janitorial services. The presentation of the Health Department's financial information was taken from its audited financial report as of June 30, 2022. Separate financial statements for the Health Department can be obtained from their administrative offices at Georgia Department of Health Resources, Northwest Health District, 111 Bryant Crossing, Suite AA, Dalton, Georgia 30720.

DEVELOPMENT AUTHORITY OF FANNIN COUNTY: The Development Authority provides a means to develop and promote trade, commerce, industry, and employment opportunities within the County. The Development Authority is used as a flow through for grant monies and expenditures for real estate development projects. All nine board members are appointed by the County and the County has a significant financial relationship with the Development Authority. Separate financial statements for the Development Authority are not prepared. Financial information for the Fannin County Development Authority may be obtained from the Office of the County Clerk of Fannin County, Georgia.

FANNIN COUNTY WATER AUTHORITY: The Water Authority acquires, constructs, equips, maintains, and operates adequate water supply, treatment, and distribution facilities and sewerage collection, treatment, and distribution facilities, making such facilities and services available to public and private consumers and users located in the County. The Water Authority receives SPLOST allocated for water purposes from the County. All seven board members are appointed by the County and the County has a significant financial relationship with the Water Authority. The presentation of the Water Authority's financial information was taken from its audited financial report as of June 30, 2022. Separate financial statements for the Water Authority may be obtained from their administrative offices at 400 West Main Street, Suite 101 B, Blue Ridge, Georgia 30513.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements (fiduciary funds use the economic resources measurement focus to indicate that custodial funds have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 property taxes as available if they are collected by the end of the current fiscal year. Other revenues susceptible to accrual are considered available if they are collected within 60 days of the end of the current fiscal period for which they are imposed. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Cumulative effect of a change in accounting principle

In 2022, the County implemented GASB Statement No. 87, "*Leases*" and as a result recognized a change in accounting principle as of January 1, 2022 in order to retroactively report the change to the earliest period reported.

GASB Statement No. 87 enhances the relevance and consistency of information about governments' leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the County's 2022 financial statements and had an effect on the beginning fund balance of the General Fund which increased governmental net position by $4,647 and beginning fund balance of the Development Authority which increased component unit net position by $77,889.

On January 1, 2022, the County restated its financial statements for the fiscal year ended December 31, 2021 to restate the following activity in accordance with GASB Standard 87:

	Governmental Activities	Component Unit
	General Fund	Development Authority
Net Position, January 1	$ 20,798,823	$ 1,907,244
To record lease receivables	194,249	581,715
To record deferred inflows of resources for lease payments	(189,602)	(503,826)
Restated Net Position, January 1	**$ 20,803,470**	**$ 1,985,133**

The County reports the following major governmental funds:

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

The *Excise Tax Lodging Fund* is used to account for collection of special sales tax to be used for tourism promotion within the County.

The *SPLOST Capital Projects Fund* accounts for funds received from a local 1% sales tax, passed by the 2011 and 2017 Special Purpose Local Option Sales Tax referendums, which are reserved for construction of various capital projects.

The *Fiscal Recovery Fund* accounts for funds received from the federal government as part of the American Rescue Plan Act to aid the economic recovery associated with the effect of the COVID-19 pandemic.

Additionally, the County reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditures for specified purposes.

Capital projects funds account for acquisition and construction of the County's capital assets.

Fiduciary funds are custodial in nature and do not represent results of operations or have a measurement focus. Custodial funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Tax Commissioner, Clerk of Superior Court, Probate Court, Magistrate Court, and Sheriff hold for others in an agency capacity.

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

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

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

ASSETS, LIABILITIES AND NET POSITION OR EQUITY

Deposits and Investments

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

Investments are recorded at fair value based on quoted market prices as of the balance sheet date. Increases or decreases in fair value during the year are recognized as part of investment income.

Receivables and Payables

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

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.

All trade and property tax receivables are shown net of an allowance of uncollectibles.

Property taxes attach as an enforceable lien on property as of January 1. The 2022 taxes were levied August 30, 2022, and were due December 20, 2022. Interest and penalties are assessed on taxes not paid by this date. The taxes are subject to lien 90 days after the due date. Property taxes levied during 2022 are to fund operations for the County's fiscal year beginning January 1, 2022.

The County's property taxes were levied on the assessed values of all real and personal property including mobile homes and motor vehicles located in the County.

Inventories and Prepaid Items

Inventories, consisting of expendable supplies, not held for resale are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Bond Premiums and Discounts

Premiums and discounts, if applicable, are deferred and amortized over the lives of the bonds and loans on a straight-line basis, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Restricted Assets

Certain proceeds of the County's financed purchases or other debt issues may be classified as restricted assets on the balance sheet if they are maintained in separate bank accounts and their use is limited by applicable lease or debt agreements.

Capital Assets and Right to use Lease Assets

Capital assets, which include property, plant, equipment, infrastructure assets (i.e. roads, bridges, sidewalks, culverts, and similar items), and right to use assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of three years or an acquisition of land at any cost. Roads, bridges, culverts, and other infrastructure are defined by the County as projects with an individual cost of $50,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Roads, bridges, and culverts acquired prior to July 1, 1980 have not been reported.

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

Capital assets and right to use lease assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	Assets	Years
Buildings & Improvements	20-50	Vehicles	2-5
Equipment	2-15	Infrastructure	30
		Land	N/A

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. This item consists of the deferred charge in pension expense. The deferred charge in pension expense represents contributions made into the defined benefit pension plan after the measurement date. These contributions will be recognized as pension expense in the next fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has several items that qualify for reporting in this category. These items consist of unavailable revenue, deferred inflows related to lease receipts, and deferred inflows related to pension expense. Unavailable revenue arises under the modified accrual basis of accounting and accordingly is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and ambulance charges. The deferred inflows related to lease receipts recognizes the payments received for lease agreements as revenue over the life of the lease term. The deferred inflows related to pension expense represents differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability and changes of assumptions about future economic or demographic factors or of other inputs. These deferred inflows will be recognized in pension expense using a systematic and rational method over a closed five-year period, beginning with the current reporting period.

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. Vacation leave is forfeited if not taken by December 31st of each calendar year. Therefore, it is expensed as incurred.

Long-term Obligations

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fannin County Defined Benefit Plan (Plan) and additions to/from from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Leases

Lessor

The County is a lessor for noncancellable leases of land and buildings. The County recognizes a lease receivable and deferred inflow of lease receipts in both the fund level and government-wide financial statements. The County recognizes lease receivables with an initial, individual value of $50,000 or more.

At the commencement of the lease, the County initially measures the lease receivable of the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The County uses the interest rate as the discount rate. When the interest rate is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the lessee is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and related deferred inflows if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Fund Equity/Net Position

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

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

Nonspendable - Fund balances are reported as nonspendable when the amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash like inventories and prepaid items) or (b) legally or contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the Board of Commissioners must adopt another resolution.

Assigned - Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners has authorized the County's finance director to assign fund balances.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt used for the acquisition, construction, or improvement of those assets. In determining the outstanding balance of any borrowing, proceeds of that debt which has not been spent is deducted. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then committed, assigned, and unassigned (or unrestricted) resources as they are needed.

Net Investment in Capital Assets

The "Net investment in capital assets" reported on the government-wide statement of net position as of December 31, 2022 are as follows:

	Governmental Activities	Component Unit Development Authority
Net investment in capital assets		
Cost of capital assets	$ 79,724,274	$ 1,513,947
Less accumulated depreciation	(43,091,455)	(823,655)
Book value	36,632,819	690,292
Less capital related debt	(240,750)	(465,407)
Less capital related accounts payable	(158,146)	-
Net investment in capital assets	$ 36,233,923	$ 224,885

Management Estimates

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

NOTE 2 - FUND BALANCE/NET POSITION

The governmental activities statement of net position reports $21,096,676 of restricted net position, of which $19,867,512 is restricted by enabling legislation.

Additional details related to fund balances at the governmental fund level are presented below:

Restricted:	
Excise Lodging Tax	
Housing & development - To account for Hotel/Motel Tax funds received to promote tourism, conventions, and trade shows.	$ 490,773
SPLOST Fund	
Capital outlay projects - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum.	17,975,197
Fiscal Recovery Fund	
Public Safety Programs - For funds received from the Federal Government to aid and assist the economic recovery caused by the effects of COVID-19.	538
Capital outlay projects - For funds received from the Federal Government to aid and assist the economic recovery caused by the effects of COVID-19	262
Subtotal - Restricted for Major Funds	18,466,770
Nonmajor Restricted Programs Funds	
Judicial Programs -	
Law Library - Used to account for surcharges on fines and forfeitures which are for the operation of the County Law Library and other expenditures as restricted by the OCGA-36-15.	31,612
Victims Rights and Assistance Fund - To account for funds collected from fines and forfeitures to be used for assisting victims of crime.	33,140
Juvenile Fund - To account for funds collected from fines and forfeitures to be used for the juvenile court.	50,137
Clerk's Technology Fund - To account for funds collected from fines and forfeitures to be used for the Clerk of Court.	336,105
Subtotal - Restricted for Judicial Programs	450,994
Public Safety Programs -	
Emergency E911 Telephone Services Fund - For fund to operate the E911 center as restricted by the OCGA-46-5.	1,369,930
Drug Task Force - To account for funds received to operate multi-jurisdictional drug enforcement agency that actively pursues all levels of illegal drug activity.	63,268
Multiple Grant Fund - Used to account for public safety administered state reimbursement grants.	552,234
Jail Fund - Used to account for funds collected from fines and forfeitures to be used for maintenance of the County Jail.	34,449
Inmate Welfare Fund - Used to account for funds legally restricted for the benefit of detainees in the County Jail.	989

Confiscated Assets Fund - to account for funds from seizures to be used for law enforcement activities.	470
Subtotal - Restricted for Public Safety Programs	2,021,340
Housing and Development Programs -	
Revolving Loan Fund - Used to account for funds received to loan to business for economic development.	109,651
Capital Outlay Projects -	
Capital Improvements Fund - Used to account for funds received from issuance of bonds, intergovernmental grants, and transfers from other funds that have not been spent.	1,347
Total Restricted Fund Balance	$ 21,050,102

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Prior to September 1, the proposed budget is presented to the Board of Commissioners for review. The final budget must be prepared and adopted no later than the first County meeting in December. Public hearings are conducted by the Board of Commissioners to obtain taxpayer comments.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Any changes in total departmental expenditures/expenses must be approved by the Board of Commissioners.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year end.

EXCESS OF REVENUES AND EXPENDITURES OVER APPROPRIATIONS

At December 31, 2022, there were no excess of expenditures over budget at the legal level of budgetary control.

DEFICIT FUND BALANCES

There was a deficit of $8,972 in the Donations/Special Projects Fund due to unfunded expenditures.

NOTE 4 - DEPOSITS AND INVESTMENTS

PRIMARY GOVERNMENT

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned. The County's policies permit it to exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions if the funds are otherwise adequately secured. As of December 31, 2022, all deposits of the County were insured or collateralized.

Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below:

> Under the *dedicated method*, a depository shall secure the deposits of each of its public depositors separately. State statutes require collateral pledged in the amount of 110% of deposits.
>
> Under the *pooled method,* a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposits with such depository as set forth in code Section 45-8-13.1. State statutes require collateral pledged in the amount of 110% of deposits under the single bank pooled method or at least 100% of amounts greater than 20% of the daily pool balance held by any one covered depository under the multibank pooled method.

The County utilized both methods to secure its deposits of public funds.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

A hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs requiring that the most observable inputs be used when available was establish. Level 1 within the hierarchy states that valuations are based on unadjusted quoted market prices for identical assets in active markets. Level 2 within the hierarchy states that valuations are based on observable inputs other than Level 1 process, such as quoted prices for similar assets, quoted prices in inactive markets and other inputs that may be corroborated by observable market data. Level 3 assets are not actively traded, and their values can only be estimated using a combination of complex market prices, mathematical models, and subjective assumptions. As of December 31, 2022, the County did not hold any assets that are measured at fair value on a recurring basis in periods subsequent to initial recognition.

Concentration of Credit Risk

The County places no limit on the amount it may invest in any one issuer.

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

NOTE 5 - RECEIVABLES

PRIMARY GOVERNMENT

Receivables as of year-end for the County's individual major funds and nonmajor governmental funds in the aggregate including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Excise Tax Lodging	SPLOST	Nonmajor Governmental Funds
Receivables:				
Property Taxes	$ 930,016	$ -	$ 900,921	$ -
Accounts	2,584,346	647,887	-	148,458
Intergovernmental	740,834	-	-	28,835
Total Gross Receivables	4,255,196	647,887	900,921	177,293
Less: Allowance for Uncollectibles	(1,946,517)	-	-	-
Total Net Receivables	$ 2,308,679	$ 647,887	$ 900,921	$ 177,293

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Delinquent property taxes receivable (General Fund)	$ 412,351	$ -	$ 412,351
Lease receipts (General Fund)	181,619	-	181,619
Ambulance Charges (General Fund)	96,498	-	96,498
Grant drawdowns prior to meeting eligibility requirements (Fiscal Recovery Fund)	-	3,199,132	3,199,132
Total unavailable and unearned revenue for governmental funds	$ 690,468	$ 3,199,132	$ 3,889,600

Property taxes receivable at December 31, 2022, consist of the following:

Digest Year	General Fund
2022	$ 797,237
2021	77,297
2020	22,887
2019	11,766
2018	7,990
2017	6,330
2016	6,509
Total	$ 930,016

DISCRETELY PRESENTED COMPONENT UNITS

Receivables as of year-end for the County's component units, including the applicable allowances for uncollectible accounts are as follows:

	Water Authority	Health Department
Receivables:		
Accounts	$ 42,220	$ 19,686
Intergovernmental	119,282	-
Total Gross Receivables	161,502	19,686
Less: Allowance for Uncollectibles	-	-
Total Net Receivables	$ 161,502	$ 19,686

NOTE 6 - CAPITAL ASSETS

PRIMARY GOVERNMENT

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

Governmental Activities:	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Non-Depreciable Assets:					
Land and improvements	$ 2,832,704	$ 13,289	$ -	$ -	$ 2,845,993
Construction in progress	1,398,079	809,625	-	-	2,207,704
Total non-depreciable capital assets	4,230,783	822,914	-	-	5,053,697
Depreciable Assets:					
Land improvements	-	-	-	-	-
Buildings and improvements	24,648,686	20,990	-	-	24,669,676
Vehicles and equipment	16,116,332	1,668,653	(586,775)	-	17,198,210
Infrastructure	30,416,015	2,386,676	-	-	32,802,691
Total depreciable capital assets	71,181,033	4,076,319	(586,775)	-	74,670,577
Less Accumulated Depreciation for:					
Land improvements	-	-	-	-	-
Buildings and improvements	8,058,065	536,921	-	-	8,594,986
Vehicles and equipment	12,863,785	699,074	(379,898)	-	13,182,961
Infrastructure	20,448,741	864,767	-	-	21,313,508
Total accumulated depreciation	41,370,591	2,100,762	(379,898)	-	43,091,455
Total depreciable capital assets, net	29,810,442	1,975,557	(206,877)	-	31,579,122
Governmental activities capital assets, net	$ 34,041,225	$ 2,798,471	$ (206,877)	$ -	$ 36,632,819

Additions to governmental activities capital assets for the fiscal year ending December 31, 2022, consist of the following:

Capital Outlay	$ 4,899,233
Total	$ 4,899,233
Non-depreciable capital assets additions	$ 822,914
Depreciable capital assets additions	4,076,319
Total	$ 4,899,233

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

Governmental Activities:	
General Government	$ 167,683
Judicial	1,772
Public Safety	716,337
Public Works	1,003,061
Public Health and Welfare	43,236
Recreation and Culture	167,935
Housing and Development	738
Total depreciation expense-governmental activities	$ 2,100,762

The County has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2022, and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

	Project Authorization	Expended to Date	Contracts in Progress	Authorized Not Obligated	Sources
Governmental Activities:					
Recreation Fields	$ 690,475	$ 791,175	$ -	$ (100,700)	SPLOST
Fannin County Library	3,900,000	10,500	-	3,889,500	State Grant, General government Tourism Product Development &
City Splash Pad	25,000	4,000	-	21,000	SPLOST
Whitepath Administrative Building	3,500,000	1,398,330	-	2,101,670	SPLOST
Administration Parking	550,000	3,699	-	546,301	SPLOST
Total Governmental Activities	$ 8,665,475	$ 2,207,704	$ -	$ 6,457,771	

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the *Health Department* for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities:				
Depreciable Assets:				
Leasehold Improvements	$ 6,580	$ -	$ -	$ 6,580
Vehicles and Equipment	39,183	28,506	-	67,689
Total depreciable capital assets	45,763	28,506	-	74,269
Less Accumulated Depreciation for:				
Leasehold Improvements	6,563	-	-	6,563
Vehicles and Equipment	31,265	7,376	-	38,641
Total accumulated depreciation	37,828	7,376	-	45,204
Capital Assets, net	$ 7,935	$ 21,130	$ -	$ 29,065

Activity for the *Development Authority* for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities:				
Non-Depreciable Assets:				
Land	$ 142,371	$ -	$ -	$ 142,371
Total Non-Depreciable Assets	142,371	-	-	142,371
Depreciable Assets:				
Land improvements	5,000	-	-	5,000
Buildings and improvements	1,355,385	-	-	1,355,385
Equipment	11,191	-	-	11,191
Total Depreciable assets	1,371,576	-	-	1,371,576
Less Accumulated Depreciation for:				
Equipment	(786,612)	(47,596)	10,553	(823,655)
Total accumulated depreciation	(786,612)	(47,596)	10,553	(823,655)
Total depreciable capital assets, net	584,964	(47,596)	10,553	547,921
Capital Assets, net	$ 727,335	$ (47,596)	$ 10,553	$ 690,292

Activity for the *Water Authority* for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities:				
Non-Depreciable Assets:				
Land & Easements	$ 75,517	$ -	$ -	$ 75,517
Construction in progress	437,189	850,761	(841,221)	446,729
Total Non-Depreciable Assets	512,706	850,761	(841,221)	522,246
Depreciable Assets:				
Land improvements	86,822	-	-	86,822
Buildings	37,041	-	-	37,041
Infrastructure	5,736,713	952,989	-	6,689,702
Vehicles & Equipment	332,646	1,210	-	333,856
Total Depreciable assets	6,193,222	954,199	-	7,147,421
Less Accumulated Depreciation for:				
Infrastructure	(741,712)	(144,102)	-	(889,038)
Land improvements	(27,018)	(4,491)	-	(31,509)
Buildings	(10,828)	(1,852)	-	(12,680)
Equipment	(177,945)	(3,224)	(27,570)	(208,739)
Total accumulated depreciation	(957,503)	(153,669)	(30,794)	(1,141,966)
Total depreciable capital assets, net	5,235,719	800,530	(30,794)	6,005,455
Capital Assets, net	$ 5,748,425	$ 1,651,291	$ (872,015)	$ 6,527,701

NOTE 7 - LONG TERM DEBT

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Financed purchases	$ 388,571	$ -	$ (147,822)	$ 240,749	$ 120,375	$ 120,375
Net pension liability	2,217,542	-	(336,657)	1,880,885	-	1,880,885
Governmental activities long-term liabilities	$ 2,606,113	$ -	$ (484,479)	$ 2,121,634	$ 120,375	$ 2,001,260

GOVERNMENTAL ACTIVITIES

Financed Purchases

After implementation of GASB 87 "Leases," the County has reclassified agreements that transfer ownership of the underlying asset by the end of the contract and do not contain termination options as financed purchases. These financed purchases relate to vehicles and equipment for public safety.

On March 1, 2018, the County entered into a $722,247 finance purchase agreement with United Community Bank to finance the purchase of three fire trucks. The outstanding balance on this agreement at December 31, 2022 was $240,749.

The annual requirements to amortize financed purchases outstanding as of December 31, 2022, are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	$ 120,375	$ 4,625	$ 125,000
2024	120,374	925	121,299
	$ 240,749	$ 5,550	$ 246,299

DISCRETELY PRESENTED COMPONENT UNITS

Long-term debt activity for the *Health Department* for the year ended December 31, 2022, was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Compensated absences	$ 28,867	$ 7,216	$ (2,838)	$ 33,245	$ 19,947	$ 13,298
Net OPEB Liability	118,448	-	(88,252)	30,196	-	30,196
Net Pension Liability	487,165	-	(218,121)	269,044	-	269,044
Total long-term Liabilities	$ 634,480	$ 7,216	$ (439,080)	$ 332,485	$ 19,947	$ 312,538

Long-term debt activity for the *Development Authority* for the year ended December 31, 2022, was as follows:

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Notes from direct borrowings	$ 494,648	$ -	$ (29,240)	$ 465,408	$ 44,019	$ 421,389
Total long-term liabilities	$ 494,648	$ -	$ (29,240)	$ 465,408	$ 44,019	$ 421,389

During 2011, the Development Authority entered into $500,000 of direct borrowings from the OneGeorgia Authority for the purpose of renovating a building purchased by the Authority. The agreement was awarded in two parts; Part One payments are due in quarterly installments with annual principal amounts of $17,632 and a 0.00% interest rate, and Part Two payments are due in quarterly installments with annual principal amounts of $9,880 and a 3.00% interest rate. As of December 31, 2022, the outstanding balance for Part One was $121,695 and the outstanding balance for Part Two was $85,084. These notes from direct borrowing will mature from October 2031 to October 2036.

During 2016, the Development Authority entered into $229,500 of direct borrowings from the OneGeorgia Authority for the purpose of renovating a building purchased by the Authority. Debt service payments are due in quarterly installments with annual principal amounts of $11,475 and a 0.00% interest rate. As of December 31, 2022, the outstanding balance is $287,869. This note from direct borrowing will mature in April 2038.

The annual requirements to amortize long-term debt as of December 31, 2022, are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	$ 44,019	$ 2,245	$ 46,264
2024	36,974	2,013	38,987
2025	37,212	1,774	38,986
2026	37,458	1,529	38,987
2027	37,711	1,275	38,986
2028-2032	182,644	2,410	185,054
2033-2037	83,650	-	83,650
2038-2041	5,740	-	5,740
Total	$ 465,408	$ 11,246	$ 476,654

Long-term debt activity for the *Water Authority* for the year ended December 31, 2022, was as follows:

Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Revenue Bonds payable	$ 1,750,129	$ 3,080,000	$ (1,769,916)	$ 3,060,213	$ 120,480	$ 2,939,733
Notes from direct borrowings	350,027	-	(350,027)	-	-	-
Total long-term liabilities	$ 2,100,156	$ 3,080,000	$ (2,119,943)	$ 3,060,213	$ 120,480	$ 2,939,733

NOTE 8 - LEASES

LEASE RECEIVABLES

On September 18, 2020, the County entered into a five year lease agreement with Verizon Wireless for the lease of land. This agreement contains four automatic extensions for five years each. Based on this agreement, the County is receiving monthly variable payments through September of 2045. There are no additional renewal options included with this lease agreement.

The County is reporting leases receivable of $515,015 at December 31, 2022. For 2022, the County reported lease revenue of $81,701 and interest revenue of $2,727 related to lease payments received. This lease is summarized as follows:

Lease	Lease Receivable	Deferred Inflows related to lease receipts	Lease Revenue	Lease Interest Revenue
Verizon Wireless	$ 190,057	$ 181,619	$ 7,983	$ 4,808
Total	$ 190,057	$ 181,619	$ 7,983	$ 4,808

DISCRETELY PRESENTED COMPONENT UNITS

On April 1, 2018, the Development Authority entered into a ten year lease agreement with Ed's Supply Co. of Chattanooga, Inc. for the lease of a building. Based on this agreement, the Authority is receiving monthly variable payments through March of 2028. There are no additional renewal options included with this lease agreement.

The Authority is reporting leases receivable of $515,015 at December 31, 2022. For 2022, the Authority reported lease revenue of $81,701 and interest revenue of $2,727 related to lease payments received. This lease is summarized as follows:

Lease	Lease Receivable	Deferred Inflows related to lease receipts	Lease Revenue	Lease Interest Revenue
Ed's Supply Co. of Chattanooga, Inc.	$ 515,015	$ 422,124	$ 81,701	$ 2,727
Total	$ 515,015	$ 422,124	$ 81,701	$ 2,727

NOTE 9 - INTERFUND BALANCES AND ACTIVITY

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

Due To	Due From			
	General Fund	Excise Lodging Tax	Other Nonmajor Governmental Funds	Total Due from Other Funds
General Fund	$ -	$ 653,252	$ 742	$ 653,994
Nonmajor Governmental Funds	661	-	-	661
Total Due to Other Funds	$ 661	$ 653,252	$ 742	$ 654,655

These balances resulted from 1) the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, 2) the time lag between the dates that transactions are recorded in the accounting system, 3) the time lag between the dates that payments between funds are made, 4) short-term loans, and 5) to fund capital projects.

Interfund transfers as of the year ended December 31, 2022, are as follows:

Transfers Out	Transfers in			
	General Fund	SPLOST	Other Nonmajor Governmental Funds	Total Transfers Out
General Fund	$ -	$ 7,827	$ 726,194	$ 734,021
Excise Lodging Tax	3,210,482	-	-	3,210,482
Other Nonmajor Governmental Funds	2,485	-	-	2,485
Total - Transfers in	$ 3,212,967	$ 7,827	$ 726,194	$ 3,946,988

Transfers are used to 1) supplement operating budgets, 2) help fund construction projects and debt service, and 3) move the County's matching portion on federal and state grants.

NOTE 10 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

Plan Description

The County contributes to the Fannin County Defined Benefit Plan (the "Plan"), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of an adoption agreement, is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 17.01 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 17.02 of the ACCG Plan Document. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Government Employees Benefits Corporation of Georgia, 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339.

All full-time employees are eligible to participate in the Plan after completing three years of service. Benefits vest after five years of service. The plan is closed to employees with a commencement date on or after July 1, 2018. Participants become eligible to retire with unreduced benefits at age 65 or the anniversary of the required years of service under which the ACCG Plan specifies. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1% of annual average compensation up to $10,000 plus 1.5% of average annual compensation in excess of $10,000 plus $50 multiplied by years of service. Compensation is averaged over a five year period prior to retirement or termination. The Plan also provides benefits in the event of death before retirement or early retirement subject to certain early retirement reduction factors. These benefit provisions were established by an adoption agreement executed by the County Commission.

Participant counts as of January 1, 2021, (the most recent actuarial valuation date) and covered compensation (base on covered earnings for the preceding year) are shown below:

Retirees, beneficiaries and disabled participants receiving benefits	92
Terminated plan participants entitled to but not yet receiving benefits	95
Active employees participating in the Plan	148
Total number of Plan participants	335
Covered compensation for active participants	$ 6,953,110
Contributions as a percentage of covered payroll	14.84%

Contributions

The County is required to contribute at an actuarially determined rate. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia Statutes. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability as of the January 1, 2021 valuation was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Salary Increases	3.00% - 5.00%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub - 2010 GE Amount-Weighted with Scale AA for Males and Females.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study dated February, 2019.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.90%
US Equity Large Core	30.00	7.70%
International Core	15.00	8.30%
SMid Cap Core	10.00	7.80%
Private Real Estate	5.00	8.10%
Global Core	5.00	8.30%
US Equity Core	5.00	7.70%
TOTAL	100.00%	

* Rates shown are net of inflation

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Change in the Net Pension Liability

	Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2021	$ 18,003,113	$ 15,785,571	$ 2,217,542
Changes for the year:			
Plan Change	382,880	-	382,880
Service cost	1,233,754	-	1,233,754
Interest	1,293,032	-	1,293,032
Assumption Change	35,097	-	35,097
Contribution-employer	-	1,031,919	(1,031,919)
Net investment income	-	2,431,101	(2,431,101)
Benefit payments	(756,126)	(756,126)	-
Administrative expense	-	(49,255)	49,255
Other charges	-	(132,345)	132,345
Net changes	2,188,637	2,525,294	(336,657)
Balances at December 31, 2022*	$ 20,191,750	$ 18,310,865	$ 1,880,885

* Measurement date of December 31, 2021

The following presents the County's net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1 % Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's net pension liability (asset)	$ 4,617,565	$ 1,880,885	$ (393,647)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2022, the County recognized pension expense of $647,109. The required contribution in order to not use any of the Plan's accumulated contributions for the year ended December 31, 2022 was $923,403.

At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 811,080
Changes of assumptions	320,590	-
Net difference between projected and actual earnings on pension plan investments	-	-
County contributions subsequent to the measurement date	1,013,367	-
TOTAL	$ 1,333,957	$ 811,080

County contributions of $1,013,367 subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year December 31, 2023.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,		
2023	$	37,239
2024	$	(334,325)
2025	$	(105,640)
2026	$	(87,764)
2027	$	-
Thereafter	$	-

DEFINED CONTRIBUTION PLAN

Plan Description

The County contributes to two deferred compensation plans administered by independent plan administrators through an administrative agreement; Plan A is administered by Nationwide Retirement Solutions and Plan B is administered by GEBCorp. Both plans were established by the County in July, 2018 pursuant to Section 401(a) of the Internal Revenue Code of 1986 as a Money-Purchase Plan and Trust. Any employees hired after July 1, 2018 can enroll in the County's 401(a) defined contribution plan. The County will provide a match up to 4% of the employee's salary, which is deposited into the 401(a). Employees are eligible after six months of employment and are fully vested after five years. Plan provisions and contribution requirements are established and may be amended by resolution of the County Commissioners. Neither Plan A nor Plan B issue a stand alone report.

Funding Policy

Contributions totaling $137,942 ($0 employer and $137,942 employee) were made in accordance with the Plan A guidelines and the designations by County Employees.

DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan, available to all County employees, permits them 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. Because the assets are held in trust for the employees, they are not assets of the County and are not reported in these financial statements.

NOTE 11 - CONTINGENT LIABILITIES AND COMMITMENTS

The County's encumbrances outstanding at the end of the fiscal year that will be honored in the next fiscal year are not significant for any of the major funds nor for the nonmajor funds in total.

Amounts received or receivable for grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The County may be a defendant in several lawsuits. Management intends to contest these open cases vigorously. The County's legal counsel has stated that the outcome of these lawsuits is not presently determinable.

NOTE 12 - RISK MANAGEMENT

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following are ways the County handles these risks:

WORKERS' COMPENSATION

The County participates in the Association County Commissioners of Georgia (ACCG) Group Self Insurance Workers' Compensation Fund (GSIWCF), a self-insured pool cooperative arrangement among its members to finance workers' compensation coverage. The fund is owned by its members and is managed by a seven member Board of Trustees who are representatives from participating counties. The ACCG-GSIWCF operates under the authority of O.C.G.A. 34-9-150 et seq. and the Georgia Insurance Commissioner's Office. The members of ACCG-Group Self Insurance Workers' Compensation Fund are assessable if the losses that ACCG must pay exceed the assets of the pool. At December 31, 2022, there was no need for such an assessment. Therefore, no liability has been recorded in these financial statements.

As part of this risk pool (GSIWCF), the County is obligated to pay all contributions and assessments to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds and to report as promptly as possible, in accordance with any coverage descriptions issued, all incidents that could require the funds to pay any type of loss. The County is also to allow all the pools' agents and attorneys to represent the County in investigations, settlement discussions, and all levels of litigation arising out of any claim made against the County.

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 expenses incurred for investigation, negotiation or defense.

GROUP HEALTH INSURANCE

The County provides health care benefits to its active employees and their dependents through a partially self-insured plan administered by Benefit Support, Inc. Under this arrangement, the County is responsible for paying all claims but purchases reinsurance policies through an insurance provider that is responsible for paying claims in excess of $100,000. The County pays most of the coverage for eligible employees and their dependents. Employee contributions are used to pay claims and expenses of the plan incurred during the year.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At December 31, 2022, the County included in accrued expenses $1,337 for unpaid claims. This liability was determined based on actual claims received for the first two months after year-end plus projected claims based on prior years activity. These claims are expected to be paid within 12 months of the year-end.

	Beginning of Year	Incurred Claims and Changes in Estimates	Claims Payments	End of Year
Year ended December 31, 2021	$ 1,375	$ -	$ (38)	$ 1,337
Year ended December 31, 2022	$ 1,337	$ -	$ -	$ 1,337

As of July 1 2020, the County terminated it's plan with Benefit Support Inc. and now provides health care benefits to its active employees and their dependents through a fully-insured policy plan administered by United Healthcare Insurance Company.

OTHER

The County also purchases combined automobile, crime, liability, and property insurance coverage from the Association County Commissioners of Georgia. The following is a summary of coverage at December 31, 2022:

Property Losses	$	-	aggregate
Comprehensive General Liability	$	2,000,000	per occurrence
Automobile Liability	$	1,250,000	per occurrence
Law Enforcement Liability	$	2,000,000	per occurrence
Crime Coverage (theft/fraud)	$	150,000	per occurrence
Errors and Omission Liability	$	2,000,000	per occurrence
	$	4,000,000	aggregate

The County has no outstanding claims in excess of coverage for which a liability should be recorded as of December 31, 2022.

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

NOTE 13 - NORTHWEST GEORGIA REGIONAL COMMISSION

Under Georgia Law, the County, in conjunction with other cities and counties in the northwest Georgia area, is a member of the Northwest Georgia Regional Commission (NWGRC) and is required to pay annual dues thereto. During the year ended December 31, 2022, the County paid $23,108 in such dues. Membership in the NWGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Regional Commission in Georgia. The NWGRC Board membership includes the chief elected official in each county and municipality of the area. The County Board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the nonpublic Board member from a County.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines regional commissions as "public agencies and instrumentalities of their members." Georgia laws also provide that the member governments are liable for any debts or obligations of a regional commission beyond its resources. (O.C.G.A. 50-8-39.1)

Separate financial statements for the NWGRC can be obtained from NWGRC, P.O. Box 1798, Rome, Georgia 30162.

NOTE 14 - RELATED PARTIES

The County entered into a license agreement on June 25, 1986 with the Tennessee Valley Authority (TVA) whereby the County has use of four TVA houses and land adjoining the Lake Blue Ridge dam site. The County is responsible for the maintenance, upkeep, and security of these properties. During the current year, the County has discussed with the TVA a possible restructure of the license agreement under which the County would be able to use the property as a park for County residents.

NOTE 15 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County elected an early closure date of April 10, 1994 when the solid waste landfill facility reached 80% capacity. In 1994, engineering studies estimated post closure costs of approximately $66,121 to complete the closure of the landfill. These costs were based on the amounts that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of the expected date of closure of December 31, 1996. Amounts were expensed as closure of the landfill was completed. On February 1, 2000, the County received its closure certificate; therefore, no significant future expenditures are expected. At the end of the current year, no liability remains for the post closure care costs.

NOTE 16 - SIGNIFICANT ESTIMATES

As discussed in Note 1, estimates are used in the preparation of these financial statements. Three of the estimates qualify as significant estimates in that it is reasonably possible that the estimates will change in the near term due to one or more future confirming events and this change will have a material effect on the financial statements.

These estimates are as follows:

The estimate for accumulated depreciation on capital assets. This estimate is based on the original or estimated cost of the assets, depreciated over the estimated useful lives using the straight line method and composite method.

The estimate for allowance for doubtful accounts relating to Fannin County EMS accounts receivable qualifies as a significant estimate. The estimate is calculated based on the previous year's collection percentage of accounts greater than one year old.

The amount reported as the estimated amounts for the net pension liability, and related deferred outflows and deferred inflows, qualify as significant estimates and are based on actuarial studies and projections.

NOTE 17 - HOTEL/MOTEL TAX

During the year ended December 31, 2022, the County had receipts of $6,429,163 and spent $3,204,048 to promote tourism, conventions, and trade shows. The total expenditures represent 50% of the tax receipts to be expended for these purposes under OCGA 48-13-51. The County has complied with the requirements of this law.

NOTE 18 - COVID-19

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacted many industries. The outbreak could have a continues material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any predication as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the County, its performance, and its financial results.

On March 11, 2021 the American Rescue Plan Act of 2021, ("ARPA") was enacted. The County received $5,086,712 as of December 31, 2022. These funds are to be used for expenditures related to recovery from the COVID-19 pandemic as outlined by the United States Department of Treasury. During the current year, the County recognized $837,080 as revenue and $3,199,132 as unearned revenue. See Note 5 for more information about unearned revenue.

NOTE 19 - BROADBAND GRANT

In 2022, the Development Authority was awarded $3,013,576 through the State of Georgia Broadband grant, funded by the American Rescue Plan Act (ARPA). Of the awarded amount, no revenue or related expenses were recognized in the year ending December 31, 2022. The Authority will provide some matching funds towards the Broadband Expansion Project. Through this grant, the Authority is seeking to reduce the number of unserved broadband locations in the County; build fiber-optic broadband capable of symmetrical 2Gbps download and 2Gbps upload service; and share and promote the County's fiber broadband infrastructure benefits to visitors, prospective residents and industries. The Authority has targeted 71 unserved census block groups with a population of 25,319 in the proposed area.

NOTE 20 - SUBSEQUENT EVENTS

On March 13, 2023 the Development Authority approved the sale of Ada Street Building Suites A & B and 4.90 acres of land to Gunner Peep Holdings, LLC for $910,000.

FANNIN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY -
FANNIN COUNTY DEFINED BENEFIT PLAN
For the Year Ended December 31, 2022
"Unaudited"

For the Year Ended December 31,	2022	2021	2020	2019
Net pension liability	$ 1,880,885	$ 2,217,542	$ 3,378,352	$ 4,301,130
Covered payroll	$ 6,953,110	$ 6,492,529	$ 6,269,273	$ 6,134,828
Net pension liability as a percentage of its covered payroll	27.05%	34.16%	53.89%	70.11%
Plan fiduciary net position as a percentage of the total pension liability	90.16%	90.70%	80.30%	72.50%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

FANNIN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY -
FANNIN COUNTY DEFINED BENEFIT PLAN
For the Year Ended December 31, 2022
"Unaudited"

For the Year Ended December 31,	2018	2017	2016	2015
Net pension liability	$ 2,495,708	$ 4,010,052	$ 3,049,024	$ 2,685,259
Covered payroll	$ 5,847,302	$ 5,950,065	$ 5,024,137	$ 5,377,003
Net pension liability as a percentage of its covered payroll	42.68%	67.40%	60.69%	49.94%
Plan fiduciary net position as a percentage of the total pension liability	82.53%	71.59%	75.17%	77.20%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

FANNIN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
FANNIN COUNTY DEFINED BENEFIT PLAN
For the Year Ended December 31, 2022
"Unaudited"

For the Year Ended December 31,	2022	2021	2020	2019
Contractually required contribution	$ 923,403	$ 950,537	$ 808,455	$ 723,926
Contributions in relation to the contractually required contribution	1,013,367	1,031,919	860,656	772,930
Contribution deficiency (excess)	$ (89,964)	$ (81,382)	$ (52,201)	$ (49,004)
County's covered payroll	$ 7,050,040	$ 6,953,110	$ 6,492,529	$ 6,269,273
Contributions as a percentage of covered payroll	14.37%	14.84%	13.26%	12.33%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

FANNIN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
FANNIN COUNTY DEFINED BENEFIT PLAN
For the Year Ended December 31, 2022
"Unaudited"

For the Year Ended December 31,	2018	2017	2016	2015
Contractually required contribution	$ 749,475	$ 784,291	$ 791,068	$ 627,544
Contributions in relation to the contractually required contribution	805,768	784,291	816,970	635,829
Contribution deficiency (excess)	$ (56,293)	$ -	$ (25,902)	$ (8,285)
County's covered payroll	$ 6,134,828	$ 5,847,302	$ 5,950,065	$ 5,024,137
Contributions as a percentage of covered payroll	13.13%	13.41%	13.73%	12.66%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

FANNIN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - FANNIN COUNTY DEFINED BENEFIT PLAN
For the Year Ended December 31, 2022
"Unaudited"

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as December 31, one year prior to the end of the fiscal year in which donations are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended December 31, 2022 reported in that schedule:

Valuation Date	January 1, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, open
Remaining Amortization period	30 years
Asset Valuation method	Five-year smoothed market
Inflation Rate	2.00%
Salary Increases	3.00% - 5.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation.

FANNIN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2022
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 20,803,470	$ 20,803,470	$ 20,803,470	$ -
RESOURCES (INFLOWS)				
Taxes	15,686,335	15,763,626	20,758,717	4,995,091
Licenses and permits	289,850	289,850	578,792	288,942
Intergovernmental	1,161,000	1,161,000	2,317,163	1,156,163
Fines and forfeitures	479,500	479,500	531,493	51,993
Charges for services	1,547,250	1,547,250	1,722,149	174,899
Contributions and donations	-	-	3,938	3,938
Investment income	12,000	12,000	114,081	102,081
Miscellaneous	29,800	29,800	243,226	213,426
Sale of county property	21,000	21,000	44,519	23,519
Transfers in	2,000,000	2,111,216	3,212,967	1,101,751
Total Resources (Inflows)	21,226,735	21,415,242	29,527,045	8,111,803
AMOUNTS AVAILABLE FOR APPROPRIATION	42,030,205	42,218,712	50,330,515	8,111,803
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Board of Commissioners	2,897,689	3,094,339	3,094,320	19
Governing Body	649,805	629,305	628,981	324
Elections	428,946	322,446	322,173	273
Purchasing	13,000	14,850	14,503	347
Tax commissioner	449,639	413,939	413,830	109
Tax assessor	770,173	695,383	695,121	262
Buildings	831,236	791,736	791,716	20
Board of equalization	29,935	15,235	15,136	99
Total General Government	6,070,423	5,977,233	5,975,780	1,453
Judicial				
Superior court	306,710	380,710	380,656	54
Clerk of Superior court	627,631	527,801	527,782	19
District attorney	429,759	434,879	434,870	9
Magistrate court	275,566	266,316	266,249	67
Probate court	334,001	374,716	374,711	5
Juvenile court	258,963	296,338	296,327	11
Public defender	217,526	261,466	261,457	9
Total Judicial	2,450,156	2,542,226	2,542,052	174
Public Safety				
Sheriff	2,598,262	2,665,962	2,665,915	47
Jail operation	1,679,023	1,771,733	1,771,732	1
Court services	149,169	132,542	132,531	11
Fire	1,071,334	1,177,984	1,177,983	1
Emergency medical services	2,554,316	2,631,216	2,631,203	13
Coroner/Medical Examiner	95,300	100,120	100,117	3
Emergency Management Agency	227,197	213,697	213,323	374
Animal control	206,650	204,450	204,268	182
Total Public Safety	8,581,251	8,897,704	8,897,072	632
Public Works				
Highways and streets	2,134,787	1,842,537	1,842,495	42
Other public works	14,500	15,325	15,325	-
Total Public Works	2,149,287	1,857,862	1,857,820	42
Public Health and Welfare				
Health department	58,995	101,831	101,814	17
Senior citizens center	235,238	166,238	166,059	179
Children and family services	50,558	56,558	56,521	37
Agencies	29,554	22,554	22,500	54
Total Public Health and Welfare	374,345	347,181	346,894	287

FANNIN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2022
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
CONTINUED.....				
Recreation and Culture				
Parks and recreation	1,010,569	1,111,254	1,111,167	87
Library	256,610	266,885	266,885	-
Agencies	35,804	36,704	36,682	22
Arts	119,219	118,419	118,390	29
Total Recreation and Culture	1,422,202	1,533,262	1,533,124	138
Housing and development				
Building inspection	57,800	53,300	52,849	451
Urban redevelopment and housing	112,618	83,618	83,247	371
Economic development	61,695	108,381	108,381	-
Development authority	127,548	102,548	102,005	543
Other housing and development	263,649	271,199	271,192	7
Total Housing and Development	623,310	619,046	617,674	1,372
Transfers out	658,681	734,031	734,021	10
TOTAL CHARGES TO APPROPRIATIONS	22,329,655	22,508,545	22,504,437	4,108
CHANGE IN FUND BALANCE	(1,102,920)	(1,093,303)	7,022,608	8,115,911
FUND BALANCE, End of year	$ 19,700,550	$ 19,710,167	$ 27,826,078	$ 8,115,911

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
EXCISE LODGING TAX FUND
For the Year Ended December 31, 2022
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 466,219	$ 466,219	$ 466,219	$ -
RESOURCES (INFLOWS)				
Taxes	4,000,000	4,480,000	6,429,163	1,949,163
Contributions and donations	-	-	7,500	7,500
Investment income	-	-	4,504	4,504
Total Resources (Inflows)	4,000,000	4,480,000	6,441,167	1,961,167
AMOUNTS AVAILABLE FOR APPROPRIATION	4,466,219	4,946,219	6,907,386	1,961,167
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Recreation and Culture				
Parks and recreation	-	2,083	2,083	-
Total Recreation and Culture	-	2,083	2,083	-
Housing and development				
Economic development	-	3,245,297	3,204,048	41,249
Total Housing and Development	-	3,245,297	3,204,048	41,249
Transfers out	-	-	3,210,482	(3,210,482)
TOTAL CHARGES TO APPROPRIATIONS	-	3,247,380	6,416,613	(3,169,233)
CHANGE IN FUND BALANCE	4,000,000	1,232,620	24,554	(1,208,066)
FUND BALANCE, End of year	$ 4,466,219	$ 1,698,839	$ 490,773	$ (1,208,066)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
FISCAL RECOVERY FUND
For the Year Ended December 31, 2022
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 262	$ 262	$ 262	$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	4,036,417	837,080	(3,199,337)
Investment income	-	410	538	128
Total Resources (Inflows)	-	4,036,827	837,618	(3,199,209)
AMOUNTS AVAILABLE FOR APPROPRIATION	262	4,037,089	837,880	(3,199,209)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General government	-	600,000	599,885	115
Housing and development	-	31,500	31,395	105
Capital Outlay	-	206,000	205,800	200
Total General Government	-	837,500	837,080	420
TOTAL CHARGES TO APPROPRIATIONS	-	837,500	837,080	420
CHANGE IN FUND BALANCE	-	3,199,327	538	(3,198,789)
FUND BALANCE, End of year	$ 262	$ 3,199,589	$ 800	$ (3,198,789)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2022

	SPECIAL REVENUE FUNDS						
	LAW LIBRARY FUND	CONFISCATED ASSETS FUND	MULTIPLE GRANT FUND	CRIME VICTIMS ASSISTANCE FUND	DRUG FUND	JAIL FUND	JUVENILE FUND
ASSETS							
Cash	$ 31,612	$ 470	$ 538,076	$ 30,102	$ 63,101	$ 34,050	$ 50,137
Receivables (net of allowance for uncollectibles)	-	-	34,116	3,495	291	399	-
Interfund receivables	-	-	-	-	-	-	661
Prepaid items	-	-	-	-	-	-	-
TOTAL ASSETS	$ 31,612	$ 470	$ 572,192	$ 33,597	$ 63,392	$ 34,449	$ 50,798
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ -	$ 13,533	$ -	$ 124	$ -	$ -
Due to other governments	-	-	6,260	-	-	-	-
Interfund payables	-	-	165	457	-	-	-
TOTAL LIABILITIES	-	-	19,958	457	124	-	-
FUND BALANCES							
Prepaid expenditure	-	-	-	-	-	-	661
Restricted:							
Capital outlay projects	-	-	-	-	-	-	-
Judicial programs	31,612	-	-	33,140	-	-	50,137
Public safety programs	-	470	552,234	-	63,268	34,449	-
Housing and development programs	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	31,612	470	552,234	33,140	63,268	34,449	50,798
TOTAL LIABILITIES AND FUND BALANCES	$ 31,612	$ 470	$ 572,192	$ 33,597	$ 63,392	$ 34,449	$ 50,798

FANNIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2022

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS	
	CLERKS TECHNOLOGY FUND	REVOLVING LOAN FUND	DONATIONS/ SPECIAL PROJECTS FUND	E-911 FUND	INMATE WELFARE FUND	CAPITAL IMPROVEMENTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS							
Cash	$ 336,105	$ 75,121	$ -	$ 1,288,714	$ 989	$ 1,347	$ 2,449,824
Receivables (net of allowance for uncollectibles)	-	34,530	-	104,462	-	-	177,293
Interfund receivables	-	-	-	-	-	-	661
Prepaid items	-	-	-	14,992	-	-	14,992
TOTAL ASSETS	$ 336,105	$ 109,651	$ -	$ 1,408,168	$ 989	$ 1,347	$ 2,642,770
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ -	$ 8,972	$ 23,126	$ -	$ -	$ 45,755
Due to other governments	-	-	-	-	-	-	6,260
Interfund payables	-	-	-	120	-	-	742
TOTAL LIABILITIES	-	-	8,972	23,246	-	-	52,757
FUND BALANCES							
Prepaid expenditure	-	-	-	14,992	-	-	15,653
Restricted:							
Capital outlay projects	-	-	-	-	-	1,347	1,347
Judicial programs	336,105	-	-	-	-	-	450,994
Public safety programs	-	-	-	1,369,930	989	-	2,021,340
Housing and development programs	-	109,651	-	-	-	-	109,651
Unassigned	-	-	(8,972)	-	-	-	(8,972)
TOTAL FUND BALANCES	336,105	109,651	(8,972)	1,384,922	989	1,347	2,590,013
TOTAL LIABILITIES AND FUND BALANCES	$ 336,105	$ 109,651	$ -	$ 1,408,168	$ 989	$ 1,347	$ 2,642,770

FANNIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	SPECIAL REVENUE FUNDS							
	LAW LIBRARY FUND	CONFISCATED ASSETS FUND	MULTIPLE GRANT FUND	CRIME VICTIMS ASSISTANCE FUND	DRUG FUND	JAIL FUND	JUVENILE FUND	CLERKS TECHNOLOGY FUND
REVENUES								
Intergovernmental	$ -	$ -	$ 419,240	$ -	$ -	$ -	$ -	$ 36,023
Fines and forfeitures	17,557	1,557	-	13,868	9,757	16,729	1,860	-
Charges for services	-	-	-	-	-	-	-	-
Investment income	145	9	1,547	152	355	181	292	749
Miscellaneous	-	-	495	-	-	1,968	-	-
TOTAL REVENUES	17,702	1,566	421,282	14,020	10,112	18,878	2,152	36,772
EXPENDITURES								
Current Expenditures								
Judicial	16,886	-	2,485	-	-	-	800	37,884
Public safety	-	7,648	10,871	-	17,646	10,318	-	-
Public health and welfare	-	-	-	-	-	-	-	-
Intergovernmental	-	-	49,125	-	-	-	-	-
Capital outlay	-	-	21,130	-	-	-	-	-
TOTAL EXPENDITURES	16,886	7,648	83,611	-	17,646	10,318	800	37,884
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	816	(6,082)	337,671	14,020	(7,534)	8,560	1,352	(1,112)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(2,485)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(2,485)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	816	(6,082)	335,186	14,020	(7,534)	8,560	1,352	(1,112)
FUND BALANCES, Beginning of year	30,796	6,552	217,048	19,120	70,802	25,889	49,446	337,217
FUND BALANCES, End of year	$ 31,612	$ 470	$ 552,234	$ 33,140	$ 63,268	$ 34,449	$ 50,798	$ 336,105

FANNIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS	
	REVOLVING LOAN FUND	DONATIONS/ SPECIAL PROJECTS FUND	E-911 FUND	INMATE WELFARE FUND	CAPITAL IMPROVEMENTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES						
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ 455,263
Fines and forfeitures	-	-	-	-	-	61,328
Charges for services	-	-	619,615	15,216	-	634,831
Investment income	352	-	7,538	-	19	11,339
Miscellaneous	-	-	6,132	-	-	8,595
TOTAL REVENUES	352	-	633,285	15,216	19	1,171,356
EXPENDITURES						
Current Expenditures						
Judicial	-	-	-	-	-	58,055
Public safety	-	7,200	864,280	21,224	-	939,187
Public health and welfare	-	1,772	-	-	-	1,772
Intergovernmental	-	-	-	-	-	49,125
Capital outlay	-	-	124,700	-	-	145,830
TOTAL EXPENDITURES	-	8,972	988,980	21,224	-	1,193,969
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	352	(8,972)	(355,695)	(6,008)	19	(22,613)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	726,194	-	-	726,194
Transfers out	-	-	-	-	-	(2,485)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	726,194	-	-	723,709
NET CHANGE IN FUND BALANCES	352	(8,972)	370,499	(6,008)	19	701,096
FUND BALANCES, Beginning of year	109,299	-	1,014,423	6,997	1,328	1,888,917
FUND BALANCES, End of year	$ 109,651	$ (8,972)	$ 1,384,922	$ 989	$ 1,347	$ 2,590,013

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
LAW LIBRARY SPECIAL REVENUE FUND
For the Year Ended December 31, 2022

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 30,796	$ 30,796	$ 30,796	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	7,460	16,860	17,557	697
Investment income	40	40	145	105
Total Resources (Inflows)	7,500	16,900	17,702	802
AMOUNTS AVAILABLE FOR APPROPRIATION	38,296	47,696	48,498	802
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	7,500	16,900	16,886	14
TOTAL CHARGES TO APPROPRIATIONS	7,500	16,900	16,886	14
CHANGE IN FUND BALANCE	-	-	816	816
FUND BALANCE, End of year	$ 30,796	$ 30,796	$ 31,612	$ 816

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
CONFISCATED ASSETS SPECIAL REVENUE FUND
For the Year Ended December 31, 2022

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 6,552	$ 6,552	$ 6,552	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	11,000	11,000	1,557	(9,443)
Investment income	8	8	9	1
Total Resources (Inflows)	11,008	11,008	1,566	(9,442)
AMOUNTS AVAILABLE FOR APPROPRIATION	17,560	17,560	8,118	(9,442)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	11,008	11,008	7,648	3,360
TOTAL CHARGES TO APPROPRIATIONS	11,008	11,008	7,648	3,360
CHANGE IN FUND BALANCE	-	-	(6,082)	(6,082)
FUND BALANCE, End of year	$ 6,552	$ 6,552	$ 470	$ (6,082)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
MULIPLE GRANTS SPECIAL REVENUE FUND
For the Year Ended December 31, 2022

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 217,048	$ 217,048	$ 217,048	$ -
RESOURCES (INFLOWS)				
Intergovernmental	82,300	85,810	419,240	333,430
Investment income	300	300	1,546	1,246
Miscellaneous	-	-	495	495
Total Resources (Inflows)	82,600	86,110	421,281	335,171
AMOUNTS AVAILABLE FOR APPROPRIATION	299,648	303,158	638,329	335,171
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	25,000	2,500	2,485	15
Public safety	14,600	32,000	32,000	-
Public health and welfare	43,000	51,610	51,610	-
TOTAL CHARGES TO APPROPRIATIONS	82,600	86,110	86,095	15
CHANGE IN FUND BALANCE	-	-	335,186	335,186
FUND BALANCE, End of year	$ 217,048	$ 217,048	$ 552,234	$ 335,186

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
CRIME VICTIMS ASSISTANCE SPECIAL REVENUE FUND
For the Year Ended December 31, 2022

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 19,120	$ 19,120	$ 19,120	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	10,000	10,000	13,868	3,868
Investment income	10	10	152	142
Total Resources (Inflows)	10,010	10,010	14,020	4,010
AMOUNTS AVAILABLE FOR APPROPRIATION	29,130	29,130	33,140	4,010
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	10,010	10,010	-	10,010
TOTAL CHARGES TO APPROPRIATIONS	10,010	10,010	-	10,010
CHANGE IN FUND BALANCE	-	-	14,020	14,020
FUND BALANCE, End of year	$ 19,120	$ 19,120	$ 33,140	$ 14,020

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
DRUG SPECIAL REVENUE FUND
For the Year Ended December 31, 2022

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 70,802	$ 70,802	$ 70,802	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	9,200	17,550	9,757	(7,793)
Investment income	110	110	355	245
Total Resources (Inflows)	9,310	17,660	10,112	(7,548)
AMOUNTS AVAILABLE FOR APPROPRIATION	80,112	88,462	80,914	(7,548)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	9,310	17,660	17,646	14
TOTAL CHARGES TO APPROPRIATIONS	9,310	17,660	17,646	14
CHANGE IN FUND BALANCE	-	-	(7,534)	(7,534)
FUND BALANCE, End of year	$ 70,802	$ 70,802	$ 63,268	$ (7,534)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
JAIL SPECIAL REVENUE FUND
For the Year Ended December 31, 2022

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 25,889	$ 25,889	$ 25,889	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	11,000	11,000	16,729	5,729
Investment income	20	20	181	161
Miscellaneous	-	-	1,968	1,968
Total Resources (Inflows)	11,020	11,020	18,878	7,858
AMOUNTS AVAILABLE FOR APPROPRIATION	36,909	36,909	44,767	7,858
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Public safety	11,020	11,020	10,318	702
TOTAL CHARGES TO APPROPRIATIONS	11,020	11,020	10,318	702
CHANGE IN FUND BALANCE	-	-	8,560	8,560
FUND BALANCE, End of year	$ 25,889	$ 25,889	$ 34,449	$ 8,560

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
JUVENILE SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2022

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 49,446	$ 49,446	$ 49,446	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	500	750	1,860	1,110
Investment income	75	75	292	217
Total Resources (Inflows)	575	825	2,152	1,327
AMOUNTS AVAILABLE FOR APPROPRIATION	50,021	50,271	51,598	1,327
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	575	825	800	25
TOTAL CHARGES TO APPROPRIATIONS	575	825	800	25
CHANGE IN FUND BALANCE	-	-	1,352	1,352
FUND BALANCE, End of year	$ 49,446	$ 49,446	$ 50,798	$ 1,352

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
CLERKS TECHNOLOGY SPECIAL REVENUE FUND
For the Year Ended December 31, 2022

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 337,217	$ 337,217	$ 337,217	$ -
RESOURCES (INFLOWS)				
Intergovernmental	20,000	37,825	36,023	(1,802)
Investment income	60	60	750	690
Total Resources (Inflows)	20,060	37,885	36,773	(1,112)
AMOUNTS AVAILABLE FOR APPROPRIATION	357,277	375,102	373,990	(1,112)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	20,060	37,885	37,885	-
TOTAL CHARGES TO APPROPRIATIONS	20,060	37,885	37,885	-
CHANGE IN FUND BALANCE	-	-	(1,112)	(1,112)
FUND BALANCE, End of year	$ 337,217	$ 337,217	$ 336,105	$ (1,112)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
REVOLVING LOAN SPECIAL REVENUE FUND
For the Year Ended December 31, 2022

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 109,299	$ 109,299	$ 109,299	$ -
RESOURCES (INFLOWS)				
Investment income	1,000	1,000	352	(648)
Total Resources (Inflows)	1,000	1,000	352	(648)
AMOUNTS AVAILABLE FOR APPROPRIATION	110,299	110,299	109,651	(648)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Housing and development	1,000	1,000	-	1,000
TOTAL CHARGES TO APPROPRIATIONS	1,000	1,000	-	1,000
CHANGE IN FUND BALANCE	-	-	352	352
FUND BALANCE, End of year	$ 109,299	$ 109,299	$ 109,651	$ 352

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
DONATIONS / SPECIAL PROJECTS SPECIAL REVENUE FUND
For the Year Ended December 31, 2022

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Contributions and donations	1,000	9,000	-	(9,000)
Investment income	10	10	-	(10)
Total Resources (Inflows)	1,010	9,010	-	(9,010)
AMOUNTS AVAILABLE FOR APPROPRIATION	1,010	9,010	-	(9,010)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	1,010	7,210	7,200	10
Public health and welfare	-	1,800	1,772	28
TOTAL CHARGES TO APPROPRIATIONS	1,010	9,010	8,972	38
CHANGE IN FUND BALANCE	-	-	(8,972)	(8,972)
FUND BALANCE, End of year	$ -	$ -	$ (8,972)	$ (8,972)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
E-911 SPECIAL REVENUE FUND
For the Year Ended December 31, 2022

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 1,014,423	$ 1,014,423	$ 1,014,423	$ -
RESOURCES (INFLOWS)				
Charges for services	394,000	539,000	619,615	80,615
Investment income	450	450	7,537	7,087
Miscellaneous	-	-	6,132	6,132
Transfer in	658,681	658,681	726,194	67,513
Total Resources (Inflows)	1,053,131	1,198,131	1,359,478	161,347
AMOUNTS AVAILABLE FOR APPROPRIATION	2,067,554	2,212,554	2,373,901	161,347
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	844,531	989,531	988,979	552
TOTAL CHARGES TO APPROPRIATIONS	844,531	989,531	988,979	552
CHANGE IN FUND BALANCE	208,600	208,600	370,499	161,899
FUND BALANCE, End of year	$ 1,223,023	$ 1,223,023	$ 1,384,922	$ 161,899

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
INMATE WELFARE SPECIAL REVENUE FUND
For the Year Ended December 31, 2022

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 6,997	$ 6,997	$ 6,997	$ -
RESOURCES (INFLOWS)				
Charges for services	16,000	21,250	15,216	(6,034)
Total Resources (Inflows)	16,000	21,250	15,216	(6,034)
AMOUNTS AVAILABLE FOR APPROPRIATION	22,997	28,247	22,213	(6,034)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	16,000	21,250	21,224	26
TOTAL CHARGES TO APPROPRIATIONS	16,000	21,250	21,224	26
CHANGE IN FUND BALANCE	-	-	(6,008)	(6,008)
FUND BALANCE, End of year	$ 6,997	$ 6,997	$ 989	$ (6,008)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FANNIN COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
ALL FIDUCIARY FUNDS
December 31, 2022

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF INMATE FUND	TOTAL
ASSETS						
Cash	$ 4,355,869	$ 969,274	$ 40,911	$ 9,720	$ 39,911	$ 5,415,685
TOTAL ASSETS	4,355,869	969,274	40,911	9,720	39,911	5,415,685
LIABILITIES						
Accounts Payable	4,353,708	83,745	6,511	205	11,892	4,456,061
TOTAL LIABILITIES	4,353,708	83,745	6,511	205	11,892	4,456,061
NET POSITION						
Restricted for others	2,161	885,529	34,400	9,515	28,019	959,624
TOTAL NET POSITION	$ 2,161	$ 885,529	$ 34,400	$ 9,515	$ 28,019	$ 959,624

FANNIN COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL FIDUCIARY FUNDS
For the Year Ended December 31, 2022

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	SHERIFF INMATE FUND	TOTAL
ADDITIONS						
Taxes collected for other entities	$ 35,496,660	$ 2,780,029	$ -	$ -	$ -	$ 38,276,689
Fees collected for other entities	-	82,852	305,255	145,015	-	533,122
Court individual cases	39	878,353	34,300	-	-	912,692
Inmate account deposits	-	-	-	-	149,833	149,833
TOTAL ADDITIONS	35,496,699	3,741,234	339,555	145,015	149,833	39,872,336
DEDUCTIONS						
Payments of taxes to other entities	35,496,660	2,780,029	-	-	-	38,276,689
Payments of fees to other entities	-	58,385	327,634	135,500	-	521,519
Payments to others	232,081	980,035	42,700	-	-	1,254,816
Payments to/for inmates	-	-	-	-	147,620	147,620
TOTAL DEDUCTIONS	35,728,741	3,818,449	370,334	135,500	147,620	40,200,644
CHANGE IN NET POSITION	(232,042)	(77,215)	(30,779)	9,515	2,213	(328,308)
TOTAL NET POSITION, Beginning of year	234,203	962,744	65,179	-	25,806	1,287,932
TOTAL NET POSITION, End of year	$ 2,161	$ 885,529	$ 34,400	$ 9,515	$ 28,019	$ 959,624

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended December 31, 2022

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR
2011 Projects				
Roads and Bridges				
Improvements	$ 17,025,000	$ 17,025,000	$ 19,815,663	$ -
Capital Improvements				
Water	2,500,000	2,500,000	2,122,730	-
Capital Outlay	2,500,000	2,500,000	2,625,388	-
Contractual Payments				
City of Blue Ridge	1,575,000	1,575,000	1,632,921	-
City of McCaysville	1,400,000	1,400,000	1,436,017	-
Total SPLOST 2011 Projects	$ 25,000,000	$ 25,000,000	$ 27,632,719	$ -
2017 Projects				
Roads and Bridges				
Improvements	$ 17,370,000	$ 17,370,000	$ 5,496,370	$ 3,177,897 (2)
Capital Improvements				
Water	2,100,000	2,100,000	1,951,302	640,377
Administrative Building and Parking Deck	3,150,000	3,150,000	2,016,151	9,027
Recreation	1,500,000	1,500,000	938,229	795,175
Public Safety	2,100,000	2,100,000	1,533,478	484,108
Contractual Payments				
City of Blue Ridge *(1)*	2,100,000	2,100,000	2,065,187	640,378
City of McCaysville *(1)*	1,680,000	1,680,000	1,623,631	512,302
Total SPLOST 2011 Projects	$ 30,000,000	$ 30,000,000	$ 15,624,348	$ 6,259,264
Total SPLOST Projects	$ 55,000,000	$ 55,000,000	$ 43,257,067	$ 6,259,264

(1) The County remits the tax collected to the City who is responsible for reporting on the expenditures in accordance with OCGA 48-8-121.
(2) Expenditures for projects have been offset by revenues from other sources.

FANNIN COUNTY, GEORGIA
SUPPLEMENTAL INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended December 31, 2022

Statement of Revenues, Expenditures and Changes in Fund Balance (page 6)			
	Expenditures	$	7,131,287
	Transfers Out		-
Subtotal			7,131,287
Less items not included as expenditures on SPLOST schedule below:			
Revenue from Georgia DOT used for road expenditures before SPLOST funds			864,180
Transfers In			7,843
Subtotal of adjustments			872,023
Expenditures reported on Splost schedule		**$**	**6,259,264**
Schedule of Projects Constructed With Special Purpose Local Option Sales Tax (page 71)			
	SPLOST - 2011 Projects	$	-
	SPLOST - 2017 Projects		6,259,264
Total		$	6,259,264

FANNIN COUNTY, GEORGIA
SCHEDULE OF STATE CONTRACTUAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

State Program Name	Contract Number	Current Year Received	Current Year Expended	Amount Due from (to) State
Family Connections	42700-93-2021000075	$ 24,000	$ 24,000	$ -
Family Connections	42700-93-2022000075	25,125	25,125	
		$ 49,125	$ 49,125	$ -

The above schedule has been prepared on the modified accrual basis of accounting.

FANNIN COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2022

FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	PROGRAM OR AWARD AMOUNT	SUB-RECIPIENT EXPENDITURES	EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE					
Forest Service Schools and Roads Cluster					
Passed through Office of the State Treasurer					
Secure Rural Schools and Community Self-Determination Act of 2000	10.665	486Forest	$ 90,780	$ -	$ 90,780
Total Forest Service Schools and Roads Cluster			90,780	-	90,780
Total U.S. Department of Agriculture			**90,780**	**-**	**90,780**
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed through Georgia Emergency Management and Homeland Security Agency					
Emergency Management Disaster Recovery Efforts Grant	97.036	FEMA-4600-DR-GA	2,245	-	2,245
Emergency Management Disaster Recovery Efforts Grant	97.036	FEMA-4579-DR-GA	7,797	-	7,797
			10,042	-	10,042
FY 2021 Emergency Management Performance Grant (EMPG)	97.042	OEM21-057	11,275	-	11,605
Total Department of Homeland Security			**21,317**	**-**	**21,647**
U.S. DEPARTMENT OF THE INTERIOR					
Payments in Lieu of Taxes	15.226		236,384	-	236,384
Total Department of the Interior			**236,384**	**-**	**236,384**
U.S. DEPARTMENT OF TREASURY					
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA Funding	5,086,712	-	837,080
Passed through the Georgia Office of Planning & Budget					
COVID 19 - Public Safety Officials and First Responders Supplement Gra	21.027	ARPA Funding	105,928		105,928
Total U.S. Department of Treasury			**5,192,640**	**-**	**943,008**
		GRAND TOTALS	**$ 5,541,121**	**$ -**	**$ 1,291,819**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. This schedule is prepared on the modified accrual basis of accounting.
2. The County did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 Indirect (F&A) costs.

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

August 7, 2023

Board of Commissioners
FANNIN COUNTY, GEORGIA
Blue Ridge, Georgia

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of FANNIN COUNTY, GEORGIA as of and for the year ended December 31, 2022, which collectively comprise the FANNIN COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated August 7, 2023. Our report includes a reference to other auditors who audited the financial statements of the FANNIN COUNTY WATER AUTHORITY and FANNIN COUNTY HEALTH DEPARTMENT, as described in our report on FANNIN COUNTY, GEORGIA's basic financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered FANNIN COUNTY, GEORGIA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FANNIN COUNTY, GEORGIA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the FANNIN COUNTY, GEORGIA's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002, to be material weaknesses.

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. We consider the deficiencies, described in the accompanying schedule of findings and questioned costs as items 2022-003 through 2022-007 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether FANNIN 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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Fannin County Response to Findings

FANNIN COUNTY, GEORGIA's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit FANNIN COUNTY, GEORGIA's responses, and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bates, Carter & Co., LLP

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

August 7, 2023

Board of Commissioners
FANNIN COUNTY, GEORGIA
Blue Ridge, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited FANNIN COUNTY, GEORGIA's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of FANNIN COUNTY, GEORGIA's major federal programs for the year ended December 31, 2022. FANNIN COUNTY, GEORGIA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, FANNIN COUNTY, GEORGIA compiled, in all material respects, with the compliance requirements referred to above that could have a direct or material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of FANNIN COUNTY, GEORGIA and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of FANNIN COUNTY, GEORGIA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to FANNIN COUNTY, GEORGIA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on FANNIN COUNTY, GEORGIA's compliance based on our audit. FANNIN COUNTY, GEORGIA's basic financial statements include the operations of legally separate component units, FANNIN COUNTY WATER AUTHORITY and FANNIN COUNTY HEALTH DEPARTMENT. Any amounts of federal awards received by those component units are not included in the accompanying schedule of expenditures of federal awards. Our audit, described below, did not include the operations of FANNIN COUNTY WATER AUTHORITY and FANNIN COUNTY HEALTH DEPARTMENT because the component unit engaged other auditors to perform any audit required in accordance with OMB *Compliance Supplement*. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about FANNIN COUNTY, GEORGIA's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 FANNIN COUNTY, GEORGIA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of FANNIN COUNTY, GEORGIA's internal control over

compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of FANNIN COUNTY, GEORGIA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on FANNIN COUNTY, GEORGIA's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. FANNIN COUNTY, GEORGIA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance,

yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be material weaknesses. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-003 through 2022-007 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on FANNIN COUNTY, GEORGIA's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. FANNIN COUNTY, GEORGIA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Bates, Carter & Co., LLP

FANNIN COUNTY, GEORGIA
AUDITOR'S SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2022

I SUMMARY OF AUDITOR'S RESULTS:

1. Report issued on Financial Statements – Unmodified opinion.
2. Compliance (financial statements) – Unmodified opinion.
3. Internal Control (financial statements) – Two material weaknesses, five significant deficiencies.
4. Compliance (major programs) – Unmodified opinion, no instances of noncompliance.
5. Internal control (major programs) – Unmodified opinion, no material weaknesses.
6. Audit findings required to be reported in accordance with 2 CFR section 200.516(a)
    i) Significant deficiencies in internal controls over major programs – None reported
    ii) Material noncompliance related to major programs – None reported
    iii) Known questioned costs greater than $25,000 for major programs – None reported
    iv) Known questioned costs greater than $25,000 for a program not audited as major – None reported
    v) Circumstances if report on compliance is other than unqualified – N/A
    vi) Known fraud – N/A
    vii) Misrepresentation in schedule of prior audit findings – None reported
7. Major programs for the year – Coronavirus State and Local Fiscal Recovery Funds, CFDA 21.027
8. Dollar threshold used to distinguish between Type A and Type B programs – $750,000.
9. Does the auditee qualify as a low risk auditee – No.

II AUDIT FINDINGS - GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

Finding Number

MATERIAL WEAKNESS

FINANCE

2022-001

Statement of Condition:

During procedures, we noted a check payment of $1,387,938 had been voided and a stop payment order issued to the bank, but had not been properly removed from the accounting ledger and was still included in outstanding payments on the SPLOST bank reconciliation.

Criteria:

Internal controls should be in place to prevent cash misstatements.

Effect of Condition:

The risk of materially misstating cash balances.

Cause of Condition:

There is not a procedure in place to review and record voided transactions.

Recommendation:

We recommend that the County implement a control ensuring that an experienced individual review voided payments and record the effect to the general ledger.

Response:

Measures have been taken on proper action to ensure all voided checks are communicated for removal from the system. This has been corrected moving forward.

2022-002

Statement of Condition (Re-Issued):

During procedures, we noted that significant adjustments were necessary to record revenue activities in the appropriate classifications. Aggregate adjustments of $8.4 million were necessary to correctly state revenue activity in all funds.

Criteria:

To ensure proper controls over revenue reporting are in place to avoid material misstatement of revenue at year-end.

Effect of Condition:
The risk of materially misstating revenue.

Cause of Condition:
There is a lack of proper training on how to correctly report revenue.

Recommendation:
We recommend that the County implement a control ensuring that an experienced individual review revenue coding and reporting.

Response:
Implementation of monthly monitoring of revenues.

SIGNIFICANT DEFICIENCY

FINANCE

2022-003 ***Statement of Condition (Re-Issued):***
During fieldwork, we noted significant changes to the SPLOST fund due to incorrect accounting to record activity. Adjustments of $232,392 were necessary to correctly reflect SPLOST revenue and expenditure balances.

Criteria:
Intra-fund cash transfers must not be included in revenue or expenditure accounts.

Effect of Condition:
The risk of material misstatement of SPLOST expenses and revenue.

Cause of Condition:
Insufficient training on record keeping.

Recommendation:
We recommend that the County implement procedures and processes to ensure that SPLOST expenditures are accounted for correctly and reviewed.

Response:
Management concurs with finding. This was a correction adjustment from the previous year which occurred during mid-year. Therefore, the issue has been corrected moving forward.

2022-004 ***Statement of Condition:***
During fieldwork, we noted the completed Whitepath project was still included in construction in progress and not capitalized.

Criteria:
Review of construction in progress projects should be performed periodically to monitor project status and properly capitalize projects upon completion.

Effect of Condition:
Assets could be overstated due to depreciation not being recorded for assets in service.

Cause of Condition:
Projects are not properly monitored by management.

Recommendation:
We recommend that the County implement procedures to ensure capital assets are reviewed, reconciled, and reported properly.

Response:
Management concurs with finding. Action has been taken to correct and move to the correct asset category.

EMS

2022-005

Statement of Condition (Re-Issued):
Appropriate segregation of duties does not exist within the EMS department. There is one individual who maintains responsibilities for payment receipting, preparing daily deposits, and preparing bank reconciliations.

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

Effect of Condition:
Failure to properly segregate duties among custody, receipting, recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected in a timely manner by employees in the normal course of performing their assigned functions.

Cause of Condition:
This is caused by the limited number of employees in each office to perform all of the duties.

Recommendation:
We recommend that EMS work to segregate duties relative to the custody, receipting, recording, distribution, and reconciliation of accounts and implement a review process by another individual for month-end procedures.

Response:
Management concurs with this finding. The EMS Director will establish a system of review and approval moving forward.

PROBATE COURT

2022-006

Statement of Condition (Re-issued):
Appropriate segregation of duties does not exist among custody, receipting, recording, distribution, reconciliation of cash accounts and other operational functions in the Probate Court.

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

Effect of Condition:
Failure to properly segregate duties among custody, receipting, recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected in a timely manner by employees in the normal course of performing their assigned functions.

Cause of Condition:
This is caused by the limited number of employees in the office to perform all of the duties.

Recommendation:
We recommend the Court segregate duties relative to the custody, receipting, recording, distribution, and reconciliation of accounts and implement a review process by another individual for month-end procedures.

Response:
Management has provided a copy of this finding to the appropriate Elected Official and they concur with the finding. Action will be taken to correct this issue as much as possible based upon the number of employees.

PAYROLL

2022-007 ***Statement of Condition:***

During testing, we noted thirteen of the twenty-five paychecks selected for review did not have approved timesheets that agreed to the paychecks of those respective employees. Additionally, we noted six of the twenty-five paychecks selected for review did not have approved pay rate listings that agreed to pay stubs.

Criteria:

In order to insure proper internal controls, employee timesheets should be properly documented and entered into the payroll system when approved. Controls should be in place to ensure the approved rate structure is properly set up and calculated correctly in the payroll software, and a signed approval form kept within each employee file.

Effect of Condition:

The risk of personnel costs exceeding the County's approved amounts due to potentially paying employees for more hours than worked or paying employees at the incorrect payrate.

Cause of Condition:

Proper documentation is not required by the personnel resonsible.

Recommendation:

We recommend that all employee timesheets are reviewed and approved by departments, as well as a second review of the payroll checks to the timesheet hours. Additionally, we recommend someone in the County payroll department be responsible for spot-checking that all timesheets have been approved and test the pay calculations performed by the payroll software to ensure the current rate structure is properly followed.

Response:

Management concurs with finding. Management has advised the Department Head/Elected Official to implement a process to ensure accuracy on employee timesheets which agree to pay scale. This process will be implemented moving forward.

III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs relating to Federal awards reported for the year ended December 31, 2022.