TALBOT COUNTY, GEORGIA

FINANCIAL STATEMENTS

Year Ended June 30, 2020

AJK

TALBOT COUNTY, GEORGIA
FINANCIAL STATEMENTS
Year Ended June 30, 2020

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AJK

AJK, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Talbot County
Talbotton, Georgia 31827

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Talbot County, Georgia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Talbot County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Talbot County Department of Public Health, which represent 38 percent, 28 percent, and 93 percent, respectively, of the assets, net position, and revenues of the component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Talbot County Department of Public Health, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information and the respective budgetary comparison for the General Fund and Special Revenue Fund - TIA, of Talbot County, Georgia, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2021, on our consideration of Talbot County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Talbot County, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Talbot County, Georgia's internal control over financial reporting and compliance.

AJK LLC

Manchester, Georgia
August 16, 2021

TALBOT COUNTY, GEORGIA
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Development Authority	Department of Public Health
Assets					
Cash	$ 9,339,307	$ 87,486	$ 9,426,793	$ 296,687	$ 265,261
Receivables (net of allowance for doubtful accounts, where applicable):					
Taxes	387,327		387,327		
Accounts	108,257	176,249	284,506		
Intergovernmental	666,142		666,142		4,245
Internal balance	118,043	(118,043)	-		
Inventory		8,560	8,560		
Prepaid items	128,175		128,175		
Restricted cash		175,495	175,495		
Capital assets not being depreciated	1,351,698	19,600	1,371,298	123,336	
Capital assets being depreciated, net of accumulated depreciation	4,891,664	2,077,445	6,969,109	34,737	4,992
Total assets	16,990,613	2,426,792	19,417,405	454,760	274,498
Deferred outflows of resources					
Pension and OPEB plans:					
Changes in proportion and differences between employer contributions and proportionate share of contributions					1,521
Total deferred outflows of resources	-	-	-	-	1,521

Continued...

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

TALBOT COUNTY, GEORGIA
STATEMENT OF NET POSITION
June 30, 2020
(Continued)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Development Authority	Department of Public Health
Liabilities					
Accounts payable	291,591	1,003,607	1,295,198		
Accrued liabilities		5,572	5,572	565	
Customer deposits		142,541	142,541		
Unearned revenue	77,345		77,345		
Long-term debt:					
Due within one year	214,241	59,308	273,549		
Due in more than one year	835,071	1,359,311	2,194,382		
Other long-term obligations:					
Due within one year	35,570	16,039	51,609		
Due in more than one year	612,825		612,825		
Net OPEB liability					5,597
Total liabilities	2,066,643	2,586,378	4,653,021	565	5,597
Deferred inflows of resources					
Pension and OPEB plans:					
Difference between expected and actual experience					440
Changes of assumptions					2,029
Changes in proportion and differences between employer contributions and proportionate share of contributions					92,946
Total deferred inflows of resources	-	-	-	-	95,415
Net Position					
Net invested in capital assets	5,194,050	678,426	5,872,476	158,073	4,992
Restricted:					
Capital projects	1,821,810		1,821,810		
Public safety	117,401		117,401		
Public works	1,212,632		1,212,632		
Judicial	20,266		20,266		
Prior year program income					21,449
Unrestricted	6,557,811	(838,012)	5,719,799	296,122	148,566
Total net position	$ 14,923,970	$ (159,586)	$ 14,764,384	$ 454,195	$ 175,007

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

TALBOT COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services, Fees, Fines, and Forfeitures	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: Development Authority	Component Units: Department of Public Health
Primary government:									
Governmental activities:									
General government	$ 1,847,335	$ 111,293	$ 262,951		$ (1,473,091)		$ (1,473,091)		
Judicial system	403,986				(403,986)		(403,986)		
Public safety	2,437,311	591,180	459,340		(1,386,791)		(1,386,791)		
Public works	2,056,159	348,984	366,970	$ 1,747	(1,338,458)		(1,338,458)		
Health and welfare	588,677	124,271	333,524		(130,882)		(130,882)		
Culture and recreation	113,901	400			(113,501)		(113,501)		
Planning and community development	118,753				(118,753)		(118,753)		
Interest on long-term debt	33,227				(33,227)		(33,227)		
Total governmental activities	7,599,349	1,176,128	1,422,785	1,747	(4,998,689)		(4,998,689)		
Business-type activities:									
Water system	1,995,703	999,151				$ (996,552)	(996,552)		
Total business-type activities	1,995,703	999,151	-	-		(996,552)	(996,552)		
Total primary government	$ 9,595,052	$ 2,175,279	$ 1,422,785	$ 1,747	(4,998,689)	(996,552)	(5,995,241)		
Component units:									
Development Authority	$ 9,726		$ 20,000					$ 10,274	
Department of Public Health	158,317	$ 48,802	215,911						$ 106,396
Total component units	$ 168,043	$ 48,802	$ 235,911	$ -				10,274	106,396
General revenues:									
Taxes:									
Property					3,425,602		3,425,602		
Sales					1,507,108		1,507,108		
Insurance premiums					354,042		354,042		
Motor vehicle and mobile home					360,048		360,048		
Alcoholic beverage					39,830		39,830		
Other					189,855		189,855		
Interest revenue					39,073	223	39,296	1,261	
Gain on sale of capital assets					109,692		109,692		
Total general revenues					6,025,250	223	6,025,473	1,261	-
Change in net position					1,026,561	(996,329)	30,232	11,535	106,396
Net position, beginning of year					13,897,409	836,743	14,734,152	442,660	68,611
Net position, end of year					$ 14,923,970	$ (159,586)	$ 14,764,384	$ 454,195	$ 175,007

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

TALBOT COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	Major Governmental Fund Types			Nonmajor Governmental Fund Types	
Assets	General	TIA	SPLOST	Other Governmental Funds	Total Governmental Funds
Cash	$ 6,246,854	$ 1,170,389	$ 1,698,861	$ 223,203	$ 9,339,307
Receivables (net where applicable of allowances for uncollectibles):					
Taxes	387,327				387,327
Accounts	108,257				108,257
Intergovernmental	493,301	49,167	123,674		666,142
Due from other funds	127,424		2,132		129,556
Prepaid expenditures	128,175				128,175
Total assets	$ 7,491,338	$ 1,219,556	$ 1,824,667	$ 223,203	$ 10,758,764
Liabilities					
Accounts payable - Trade	$ 205,955	$ 6,924	$ 2,857	$ 75,855	$ 291,591
Due to other funds	2,132			9,381	11,513
Unearned revenue	77,345				77,345
Total liabilities	285,432	6,924	2,857	85,236	380,449
Deferred inflows of resources					
Unavailable revenue - property taxes	268,544				268,544
Total deferred inflows of resources	268,544	-	-	-	268,544
Fund balances					
Fund balances:					
Nonspendable - prepaid items	128,175				128,175
Restricted for:					
Capital projects			1,821,810		1,821,810
Public safety				117,401	117,401
Public works		1,212,632			1,212,632
Judicial				20,566	20,566
Unassigned	6,809,187				6,809,187
Total fund balances	6,937,362	1,212,632	1,821,810	137,967	10,109,771
Total liabilities, deferred inflows of resources, and fund balances	$ 7,491,338	$ 1,219,556	$ 1,824,667	$ 223,203	$ 10,758,764

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

TALBOT COUNTY, GEORGIA
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL
ACTIVITIES ON THE STATEMENT OF NET POSITION
June 30, 2020

Fund balances - Total governmental funds		$ 10,109,771
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds:		
Add, capital assets		12,246,237
Deduct, accumulated depreciation		(6,002,875)
Long-term debt and obligations applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances at June 30, 2020 are:		
Note payable	$ (74,135)	
Capital leases	(975,177)	
Compensated absences	(35,570)	
Landfill post-closure costs	(612,825)	
Total long-term debt and obligations		(1,697,707)
In governmental funds, revenues must meet the availability test before they can be recognized. That is, they must be collected within 60 days after year end to be used to pay the period's current liabilities. However, no similar requirement applies in the government-wide statements. Therefore unavailable revenue balances reported on the balance sheet of governmental funds must be reversed and recognized as current period revenue. In addition, the governmental fund revenue will also be adjusted at the government-wide level for the change during the year in the balance of unavailable revenues:		
Unavailable property taxes arising from ability to collect after 60 days from year end		268,544
Net position of governmental activities		$ 14,923,970

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	Major Governmental Fund Types			Nonmajor Governmental Fund Types	
	General	TIA	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	$ 3,397,066				$ 3,397,066
Sales	375,860	$ 542,439	$ 588,809		1,507,108
Insurance premium	354,042				354,042
Motor vehicle and mobile home	360,048				360,048
Alcoholic beverage	39,830				39,830
Other	189,855				189,855
Licenses and permits	38,322				38,322
Charges for services	847,463				847,463
Fines, forfeitures, and court fees	169,455			$ 34,125	203,580
Grants and subsidies	1,422,785				1,422,785
Interest revenue	38,928		1,747	145	40,820
Other revenue	86,763				86,763
Total revenues	7,320,417	542,439	590,556	34,270	8,487,682
Expenditures:					
Current:					
General government	1,822,421				1,822,421
Judicial system	401,484			498	401,982
Public safety	2,177,753			13,174	2,190,927
Public works	1,290,999	88,608			1,379,607
Health and welfare	555,030				555,030
Culture and recreation	56,963				56,963
Planning and community development	118,179				118,179
Intergovernmental support			60,099		60,099
Debt service:					
Principal payments	254,843	154,131			408,974
Interest payments	13,562	19,665			33,227
Capital outlay:					
General government	29,413				29,413
Judicial system	6,543				6,543
Public safety	169,560		866,158	79,145	1,114,863
Public works	280,964		366,825		647,789
Health and welfare	2,098				2,098
Culture and recreation			73,055		73,055
Total expenditures	7,179,812	262,404	1,366,137	92,817	8,901,170
Excess (deficiency) of revenues over (under) expenditures	140,605	280,035	(775,581)	(58,547)	(413,488)
Other financing sources (uses):					
Capital lease	324,126				324,126
Sale of capital assets	130,331				130,331
Total other financing sources (uses)	454,457	-	-	-	454,457
Net change in fund balances	595,062	280,035	(775,581)	(58,547)	40,969
Fund balances, beginning of year	6,342,300	932,597	2,597,391	196,514	10,068,802
Fund balances, end of year	$ 6,937,362	$ 1,212,632	$ 1,821,810	$ 137,967	$ 10,109,771

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

TALBOT COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Net changes in fund balances - Total governmental funds	$	40,969
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($1,421,741) exceeded depreciation ($582,333) in the current period.		839,408
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, donations) is to decrease net position.		(20,639)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		84,848
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment consists of the change of one balance:		
Compensated absences		53,439
In governmental funds, revenues must meet the availability test before they can be recognized. That is, they must be collected within 60 days after year end to be used to pay the period's current liabilities. However, no similar requirement applies to the government-wide Statement of Activities. Therefore, unavailable revenue amounts are reversed on the Statement of Net Position and recognized as current period revenue on the Statement of Activities:		
Net increase in unavailable revenue from June 30, 2020 ($240,008) to June 30, 2021 ($268,544)		28,536
Change in net position of governmental activities		$ 1,026,561

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property	$ 3,317,468	$ 3,317,468	$ 3,397,066	$ 79,598
Sales	300,000	300,000	375,860	75,860
Insurance premium	330,026	330,026	354,042	24,016
Motor vehicle and mobile home	302,446	302,446	360,048	57,602
Alcoholic beverage	33,000	33,000	39,830	6,830
Other	132,965	132,965	189,855	56,890
Licenses and permits	30,350	30,350	38,322	7,972
Charges for services	882,879	882,879	847,463	(35,416)
Fines, forfeitures, and court fees	186,500	186,500	169,455	(17,045)
Grants and subsidies	1,408,482	1,840,482	1,422,785	(417,697)
Interest revenue	23,500	23,500	38,928	15,428
Other revenue	497,409	497,409	86,763	(410,646)
Total revenues	7,445,025	7,877,025	7,320,417	(556,608)
Expenditures:				
Current:				
General government:				
General administration	509,196	422,793	397,579	25,214
County commissioners	339,641	339,641	331,040	8,601
Tax commissioners	289,513	289,513	283,289	6,224
Tax assessors	305,412	305,412	297,114	8,298
Elections	245,359	239,420	173,506	65,914
Public buildings	398,583	398,583	339,893	58,690
Total general government	2,087,704	1,995,362	1,822,421	172,941
Judicial system:				
Probate court	184,249	179,668	158,781	20,887
Clerk of superior court	189,510	187,548	178,301	9,247
Magistrate	25,020	25,020	20,979	4,041
Appeal administration	14,020	14,020	7,747	6,273
Other court services	81,620	81,620	35,676	45,944
Total judicial system	494,419	487,876	401,484	86,392
Public safety:				
Ambulance service	579,365	579,365	574,491	4,874
Coroner	21,687	21,687	17,400	4,287
Fire	90,220	522,220	521,543	677
Animal control	29,104	29,104	27,425	1,679
Sheriff and jail	1,146,854	1,042,848	967,993	74,855
EMA services	66,815	64,190	34,552	29,638
Regional E-911	34,349	34,349	34,349	-
Total public safety	1,968,394	2,293,763	2,177,753	116,010

Continued.....

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2020
(Continued)

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget
Public works:				
Landfill	358,596	358,596	357,068	1,528
Public works	1,462,373	1,041,292	933,931	107,361
Total public works	1,820,969	1,399,888	1,290,999	108,889
Health and welfare:				
Transit	405,078	405,078	351,528	53,550
Nutrition	137,381	135,283	122,139	13,144
Health appropriations	86,409	86,409	81,363	5,046
Total health and welfare	628,868	626,770	555,030	71,740
Culture and recreation:				
Parks	39,456	39,456	23,239	16,217
Library	33,724	33,724	33,724	-
Total culture and recreation	73,180	73,180	56,963	16,217
Planning and community development:				
County agent	47,732	47,732	42,758	4,974
Building and zoning	64,190	64,190	54,884	9,306
Planning and community development appropriations	20,537	20,537	20,537	-
Total planning and community development	132,459	132,459	118,179	14,280
Debt service:				
Principal	121,874	254,843	254,843	-
Interest	6,414	13,562	13,562	-
Total debt service	128,288	268,405	268,405	-
Capital outlay:				
General government	20,650	36,916	29,413	7,503
Judicial system	2,700	22,390	6,543	15,847
Public safety	84,894	254,454	169,560	84,894
Public works		280,964	280,964	-
Health and welfare		2,098	2,098	-
Planning and community development	2,500	2,500		2,500
Total capital outlay	110,744	599,322	488,578	110,744
Total expenditures	7,445,025	7,877,025	7,179,812	697,213
Excess (deficiency) of revenues over (under) expenditures	-	-	140,605	140,605
Other financing sources (uses):				
Sale of capital assets			130,331	130,331
Capital lease			324,126	324,126
Total other financing sources (uses)	-	-	454,457	454,457
Net change in fund balances	-	-	595,062	595,062
Fund balances, beginning of year	6,342,300	6,342,300	6,342,300	-
Fund balances, end of year	$ 6,342,300	$ 6,342,300	$ 6,937,362	$ 595,062

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TIA
Year Ended June 30, 2020

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Taxes - sales	$ 542,439	$ 542,439	$ -
Total revenues	542,439	542,439	-
Expenditures:			
Current:			
Public works	88,608	88,608	-
Debt Service:			
Principal payments	154,131	154,131	-
Interest payments	19,665	19,665	-
Total expenditures	262,404	262,404	-
Excess (deficiency) of revenues over (under) expenditures	280,035	280,035	-
Net change in fund balances	280,035	280,035	-
Fund balances, beginning of year	932,597	932,597	-
Fund balances, end of year	$ 1,212,632	$ 1,212,632	$ -

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

TALBOT COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Business-Type Activities Major Fund Type Water System
Assets	
Current assets:	
Cash	$ 87,486
Receivables (net where applicable of allowance for uncollectible):	
Accounts	176,249
Inventory	8,560
Restricted cash	175,495
Total current assets	447,790
Noncurrent assets:	
Capital assets not being depreciated	19,600
Capital assets being depreciated, net of accumulated depreciation	2,077,445
Total noncurrent assets	2,097,045
Total assets	2,544,835
Liabilities	
Current liabilities:	
Accounts payable	1,003,607
Customer deposits	142,541
Due to other funds	118,043
Accrued interest	5,572
Compensated absences, current portion	16,039
Revenue bonds, current portion	59,308
Total current liabilities	1,345,110
Noncurrent liabilities:	
Revenue bonds payable	1,359,311
Total noncurrent liabilities	1,359,311
Total liabilities	2,704,421
Net Position	
Net invested in capital assets	678,426
Unrestricted	(838,012)
Total net position	$ (159,586)

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

TALBOT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-Type Activities Major Fund Types Water System
Operating revenues:	
Charges for services	$ 927,214
Penalties	31,120
Miscellaneous	40,817
Total operating revenue	999,151
Operating expenses:	
Salaries and benefits	240,856
Water purchases	1,251,584
Services and supplies	139,430
Depreciation and amortization	157,733
Other operating	130,715
Total operating expenses	1,920,318
Operating income (loss)	(921,167)
Nonoperating revenues (expenses):	
Interest income	223
Interest expense	(75,385)
Total nonoperating revenues (expenses)	(75,162)
Change in net position	(996,329)
Net position, beginning of year	836,743
Net position, end of year	$ (159,586)

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

TALBOT COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-Type Activities Major Fund Types Water System
Cash flows from operating activities:	
Receipts from customers	$ 1,010,370
Receipts of customer deposits	9,299
Payments to employees	(237,617)
Payments to vendors	(714,385)
Net cash provided (used) by operating activities	67,667
Cash flows from capital and related financing activities:	
Principal paid on capital lease	(14,952)
Principal paid on revenue bonds	(70,139)
Interest paid on capital debt	(76,015)
Net cash provided (used) by capital and related financing activities	(161,106)
Cash flows from investing activities:	
Interest income	223
Net cash provided (used) by investing activities	223
Net increase (decrease) in cash	(93,216)
Cash, beginning of year	356,197
Cash, end of year	$ 262,981
Reported on balance sheet as:	
Cash	$ 87,486
Restricted cash	175,495
Total cash per balance sheet	$ 262,981
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	$ (921,167)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	157,733
(Increase) decrease in:	
Accounts receivable-Accounts	(9,642)
Accounts receivable-Intergovernmental	20,861
Inventories	1,980
Increase (decrease) in:	
Due to other funds	(141,299)
Customer deposits	9,299
Accounts payable	946,663
Compensated absences	3,239
Net cash provided by operating activities	$ 67,667

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

TALBOT COUNTY, GEORGIA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2020

	Agency Funds
Assets	
Cash	$ 386,881
Taxes receivable	365,417
Total assets	$ 752,298
Liabilities	
Due to others	$ 752,298
Total liabilities	$ 752,298

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Talbot County, Georgia (the County) was incorporated December 14, 1827. The County operates under a board of five commissioners and provides the following services in addition to general government responsibilities: judicial, public safety, public works, health and welfare, culture and recreation, planning and community development, and water services.

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

A. The Reporting Entity

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

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

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

Discretely Presented Component Unit	Brief Description of Activities and Relationship to the County
Talbot County Department of Public Health	Provides medical services and health education to the citizens of Talbot County. The County Board of Commissioners has the authority to modify and approve the Department of Public Health's budget and have committed to provide significant financial support to the Department of Public Health.
Development Authority of Talbot County	Identifies, attracts and locates new business, industry and tourism in Talbot County for the purposes of increasing trade, commerce, industry, tourism and employment opportunities. The County Board of Commissioners appoints a majority of the Board of Directors.

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

The County also reports the following major proprietary fund:

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

Additionally, the County reports the following nonmajor governmental funds:

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

The County also reports the following fiduciary fund type:

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

Tax Commissioner
Clerk Superior Court
Probate Court
Magistrate Court
Sheriff

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

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

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

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

D. Budgets and Budgetary Accounting

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

a. The County manager submits to the Board of Commissioners a proposed operating budget for the following fiscal year. The operating budget includes proposed expenditures and the means of financing them.
b. Public hearings are conducted to obtain taxpayer comments.
c. The budget is legally enacted through passage of an ordinance.
d. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
e. The Capital Projects Fund is budgeted on a project basis, which may be one or more years in length.
f. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

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

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

E. Deposits and Investments

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

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

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

F. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable/payables" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances between governmental activities and the business-type activities are reported on the government-wide financial statements as "internal balances."

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

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

All property taxes levied for the current and any previous years, but not received as of June 30, 2020, are shown as property taxes receivable at that date. Any of the taxes, which are determined to be unavailable to pay liabilities of the current period, have been deferred. The Tax Commissioner bills and collects those property taxes levied by the County, the Talbot County Board of Education, the municipalities located within the County and the State of Georgia. Collections and remittances to the County and other governmental agencies are accounted for in an Agency Fund.

G. Inventory

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

H. Prepaid Items

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

I. Restricted Cash

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

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of acquisition plus any ancillary charges incurred to put the asset into service.

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Assets	Years
Buildings	20-40
Improvements	10-30
Public domain infrastructure	40
System infrastructure	40
Vehicles	5
Equipment	5-15

K. Deferred outflows/inflows of resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Talbot County Department of Public Health has three items which reflects pension and other post-employment benefit related items.

L. Compensated Absences

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

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

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

N. Fund Equity

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

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid items) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

O. Reclassifications

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

P. Use of Estimates to Prepare Financial Statements

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

Q. Subsequent Events

Subsequent events have been evaluated by management through August 16, 2021, which is the date the financial statements were available to be issued.

2. DEPOSITS AND INVESTMENTS

Primary Government

At year end, the County had $650 in petty cash on hand and the carrying amount of the County's deposits (checking, savings and certificates of deposit) was $9,988,519 and the bank balance was $10,227,965. Of the bank balance, $1,224,123 was covered by federal depository insurance and $9,003,842 was covered by collateral held in the pledging bank's trust department or by its agent in the County's name. The County does not have a deposit policy for custodial credit risk.

Discretely Presented Component Unit

At year end, the carrying amount of the Development Authority of Talbot County, a component unit of the County, deposits (checking and certificates of deposit) was $296,687 and the bank balance was $296,687. Of the bank balance, $286,334 was covered by federal depository insurance and $10,353 was covered by collateral held in the pledging bank's trust department or by its agent in the Authority's name.

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

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 in the General Fund is reported net of an allowance for doubtful accounts of $108,257 for EMS accounts.

Accounts receivable at June 30, 2020 in the Proprietary Fund, Water System is reported net of an allowance for doubtful accounts of $21,471.

4. CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 278,681	$ 9,420		$ 288,101
Construction in progress	217,209	846,388		1,063,597
Total capital assets, not being depreciated	495,890	855,808	$ -	1,351,698
Capital assets, being depreciated:				
Buildings and structures	4,362,209			4,362,209
Improvements	555,149	44,120		599,269
Machinery and equipment	5,095,588	521,813	(257,181)	5,360,220
Infrastructure	572,841			572,841
Total capital assets, being depreciated	10,585,787	565,933	(257,181)	10,894,539
Less, accumulated depreciation for:				
Buildings and structures	(1,719,234)	(113,374)		(1,832,608)
Improvements	(275,206)	(28,199)		(303,405)
Machinery and equipment	(3,568,175)	(426,438)	236,542	(3,758,071)
Infrastructure	(94,469)	(14,322)		(108,791)
Total accumulated depreciation	(5,657,084)	(582,333)	236,542	(6,002,875)
Total capital assets, being depreciated, net	4,928,703	(16,400)	(20,639)	4,891,664
Governmental activities capital assets, net	$5,424,593	$ 839,408	$ (20,639)	$6,243,362
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 19,600			$ 19,600
Total capital assets, not being depreciated	19,600	$ -	$ -	19,600
Capital assets, being depreciated:				
Machinery and equipment	171,594			171,594
Transportation equipment	133,015			133,015
Water system	5,949,344			5,949,344
Total capital assets, being depreciated	6,253,953	-	-	6,253,953
Less, accumulated depreciation for:				
Machinery and equipment	(170,655)	(118)		(170,773)
Transportation equipment	(105,661)	(8,980)		(114,641)
Water system	(3,742,459)	(148,635)		(3,891,094)
Total accumulated depreciation	(4,018,775)	(157,733)	-	(4,176,508)
Total capital assets, being depreciated, net	2,235,178	(157,733)	-	2,077,445
Business-type activities capital assets, net	$2,254,778	$ (157,733)	$ -	$2,097,045

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

Governmental activities:	
General government	$ 78,353
Judicial system	2,004
Public safety	156,072
Public works	272,128
Health and welfare	33,647
Culture and recreation	39,555
Planning and community development	574
Total depreciation expense - governmental activities	$ 582,333

Business-type activities:	
Water system	$ 157,733

Discretely Presented Component Unit

The Development Authority of Talbot County's capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 123,336			$ 123,336
Capital assets being depreciated:				
Buildings	91,665			91,665
Furniture and equipment	1,442			1,442
Total capital assets being depreciated	93,107	$ -	$ -	93,107
Less, accumulated depreciation for:				
Buildings	(53,872)	(3,056)		(56,928)
Furniture and equipment	(1,442)			(1,442)
Total accumulated depreciation	(55,314)	(3,056)	-	(58,370)
Total capital assets being depreciated, net	37,793	(3,056)	-	34,737
Development Authority of Talbot County capital assets, net	$ 161,129	$ (3,056)	$ -	$ 158,073

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

Business promotion and tourism	$ 3,056

5. LONG-TERM DEBT

A. Revenue Bonds

Primary Government

The County's Water System Fund issued direct placement revenue bonds to make additions and improvements to the County's water system. The bonds are repaid through annual and monthly installments from the Water System Fund. The original amount of revenue bonds issued in prior years is $2,203,800. These bonds are secured by a pledge of revenue derived from the ownership and operation of the water system. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Improvements and additions to water system - Water System Fund	5.250%	$ 576,330
Improvements and additions to water system - Water System Fund	5.125%	200,063
Water revenue refunding and improvements - Water System Fund	5.000%	642,226
		$ 1,418,619

Revenue bonds debt service requirements to maturity are as follows:

	Business-Type Activities	
	Principal	Interest
Year ending June 30:		
2021	$ 59,308	$ 71,325
2022	62,438	68,194
2023	65,734	64,898
2024	69,035	61,597
2025	72,848	57,784
2026-2030	426,017	227,143
2031-2035	421,593	106,970
2036-2040	215,656	35,144
2041	25,990	396
	$ 1,418,619	$ 693,451

The County is in compliance with the covenants as to rates, fees, and charges in the bond agreements, authorizing the issuance of the Water Revenue Bonds. The bond agreement in Section 15 requires the County to establish a schedule of rates, fees, and charges sufficient to produce net revenues at least equal to 1.10 times the amounts required in any sinking fund year to pay the principal and interest on all bonds. The debt service coverage ratio calculation for the year ended June 30, 2020 is as follows:

Operating revenues	$ 999,151
Operating expenses (less depreciation)	818,021
Non operating revenues	223
Income available for debt service	181,353
Debt service, principal and interest paid (revenue bond only)	144,702
Debt service coverage ratio	1.25

B. Note Payable

Primary Government

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

Purpose	Interest Rate	Amount
Renovations of courthouse	4.125%	$ 74,135

Note payable debt service requirements to maturity are as follows:

	Governmental Activities	
	Principal	Interest
Year ending June 30:		
2021	$ 61,863	$ 3,082
2022	12,272	590
	$ 74,135	$ 3,672

C. Capital Lease

Primary Government

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

For governmental activities the six leases were executed during the periods of August 2017 through March 2020. Title passes to the County at the end of the lease term.

The assets acquired through capital leases are as follows:

	Governmental Activities
Machinery and equipment	$ 1,167,901
Less, accumulated depreciation	(309,021)
	858,880

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 are as follows:

	Governmental Activities
Year ending June 30:	
2021	$ 171,037
2022	152,865
2023	263,740
2024	275,738
2025	162,269
Total minimum lease payments	1,025,549
Less, amount representing interest	(50,372)
Present value of minimum lease payments	$ 975,177

D. Changes in Long-Term Debt

Primary Government

Long-term debt activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Governmental activities:					
Direct borrowing note payable	$ 133,547		$ 59,412	$ 74,135	$ 61,863
Capital leases	1,000,613	$ 324,126	349,562	975,177	152,378
Governmental activity long-term debt	$ 1,134,160	$ 324,126	$ 408,974	$ 1,049,312	$ 214,241

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Business-type activities:					
Direct placement revenue bonds	$ 1,488,758		$ 70,139	$ 1,418,619	$ 59,308
Capital leases	14,952		14,952	-	-
Business-type activity long-term debt	$ 1,503,710		$ 85,091	$ 1,418,619	$ 59,308

6. OTHER LONG-TERM OBLIGATIONS

Primary Government

A. Compensated Absences

The County accrues compensated absences for the employees. Both the governmental activities and business-type activities of the County have compensated absences at June 30, 2020. Accrued compensated absences for the governmental activities are repaid through the General Fund and business-type activities are paid through the Water Fund. The balance in compensated absences represents accrued time prior to change in policy for employees with accrued amounts prior to July 1, 2017.

B. Landfill Postclosure Costs

The Talbot County landfill ceased operation in April, 1994. State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and perform certain maintenance and monitoring functions at the site for thirty years after closure. The recognition of the liability for closure and postclosure care costs is based on landfill capacity used to date. As of June 30, 2020, 100% of the landfill capacity had been used and the landfill has no remaining life. The $612,825 reported in the governmental activities long-term obligations on the government-wide financials as landfill postclosure costs at June 30, 2020 represents the unpaid closure and postclosure costs based upon the most current estimate available, and there is no unrecognized liability at June 30, 2020. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. This obligation has been frozen due to guidelines from EPA.

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

C. Changes in Other Long-Term Obligations

Primary Government

Long-term obligations activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
Governmental activities:					
Compensated absences	$ 89,009		$ 53,439	$ 35,570	$ 35,570
Landfill postclosure costs	612,825			612,825	
	$ 701,834	$ -	$ 53,439	$ 648,395	$ 35,570
Business-type activities:					
Compensated absences	$ 12,800	$ 3,239	$ -	$ 16,039	$ 16,039

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2020, the County interfund balances due to/from are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Proprietary Fund	$ 118,043
General Fund	Nonmajor Governmental Fund	9,381
SPLOST	General Fund	2,132
		$ 129,556

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments to supplement operations outstanding at year end and other miscellaneous receivables/payables between funds.

8. PENSION PLAN AND OTHER RETIREMENT BENEFITS

Primary Government

A. Pension Plan

Effective July 1, 2016, county employees are covered by the Association County Commissioners of Georgia Defined Contribution Plan Program, ACCG 401(a) Defined Contribution Plan for Talbot County Employees. This plan covers full time employees whom work at least thirty hours of service per week for compensation. Under the plan, the County contributes 6% of participating employee's compensation. Plan provisions and contribution requirements are established and may be amended by a resolution of the Talbot County Commission. Employees will also have the option to participate in a 457(b) Eligible Deferred Compensation Plan with no matching contributions from the County. The County's contribution for the year ended June 30, 2020 was $154,915. Total payroll for the year ended June 30, 2020 was $2,586,861.

B. Other Retirement Benefits

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

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

9. JOINT USE AGREEMENT

On August 4, 1992, the County entered into a joint services contract with the City of Manchester, Georgia regarding the City's water treatment facility. The contract entitles the County to 29% of the City's total water treatment plant capacity, 29% of the reservoir capacity and 29% of total water line capacity. The County in turn shares in the cost of operating and maintaining the water treatment facility based upon actual consumption by the County in relation to the total production of the water treatment plant. At June 30, 2020, the County owes the City of Manchester $945,352 which is reported as accounts payable in the statement of net position. Payments to the City are reported as water purchases in the statement of revenues, expenses, and changes in fund net position.

10. LITIGATION

Any pending lawsuits at June 30, 2020 are covered by insurance and should not materially affect the financial statements of Talbot County, Georgia.

11. CONTINGENT LIABILITIES

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

12. RISK MANAGEMENT

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

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

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

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

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

13. NET POSITION

The business-type activities net position on the Statement of Net Position has a deficit unrestricted balance of $838,012 and a deficit total net position balance of $159,586 at June 30, 2020. The balance due to the City of Manchester for the joint services contract has caused this deficit net position balance. See note #9 for further explanation. The County plans to liquidate the deficit balance by containing cost and raising water rates in the future.

14. JOINT VENTURES

River Valley Regional Commission – Under Georgia law, the County, in conjunction with other cities and counties in the central Georgia area, is a member of the River Valley Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2020, the County paid $4,776 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes members from each county of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

River Valley Regional Commission
P.O. Box 1908
Columbus, Georgia 31902

Middle Flint Regional E9-1-1 Authority – Pursuant to the authority granted in OCGA Section 46-5-120 et. Seq., Talbot County is a "Participating County", together with Dooly, Macon, Marion, Schley, Sumter, Taylor, and Webster Counties, in the Middle Flint Regional E9-1-1 Authority (the "Authority"). The Authority is governed by an eight member board appointed by the participating counties. The Authority maintains custody and control of the equipment and furnishings at the E-911 Center, located in Ellaville, Georgia. Each Participating County holds interest in the title to the equipment in such portion as each county has subscribers as of January 1 of each year. The E-911 Center receives telephone calls relating to public safety and it provides emergency call answering services and dispatching. Funding for the E-911 Center is derived from a surcharge added to telephone subscribers in the eight Participating Counties. Operating costs not covered by the surcharge are paid by the Participating Counties on a pro-rata share determined by the revenue collections in each county. Talbot County contributed $34,349 to the Authority during the twelve months ended June 30, 2020. Financial statements for the Middle Flint Regional E9-1-1 Authority can be obtained from:

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

15. SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which have the potential to negatively impact values of the retirement plan investments and related earnings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. However, the duration and related financial impact cannot be reasonably estimated at this time.

TALBOT COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Law Library	Jail	DATE	Sheriff Drug Fund	
Assets					
Cash	$ 20,566	$ 143,140	$ 54,178	$ 5,319	$ 223,203
Total assets	$ 20,566	$ 143,140	$ 54,178	$ 5,319	$ 223,203
Liabilities					
Accounts payable		$ 75,855			$ 75,855
Due to other funds		6,053	$ 3,328		9,381
Total liabilities	$ -	81,908	3,328	$ -	85,236
Fund Balances					
Restricted for:					
Law library	20,566				20,566
Jail		61,232			61,232
DATE			50,850		50,850
Sheriff drug fund				5,319	5,319
Total fund balances	20,566	61,232	50,850	5,319	137,967
Total liabilities and fund balances	$ 20,566	$ 143,140	$ 54,178	$ 5,319	$ 223,203

TALBOT COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	Special Revenue Funds				
	Law Library	Jail	DATE	Sheriff Drug fund	Total Nonmajor Governmental Funds
Revenues:					
Fines, forfeitures, and court fees	$ 5,473	$ 10,973	$ 3,124	$ 14,555	$ 34,125
Interest		100	37	8	145
Total revenues	5,473	11,073	3,161	14,563	34,270
Expenditures:					
Current:					
Judicial system	498				498
Public safety				13,174	13,174
Capital outlay:					
Public safety		75,855		3,290	79,145
Total expenditures	498	75,855	-	16,464	92,817
Excess (deficiency) of revenues over (under) expenditures	4,975	(64,782)	3,161	(1,901)	(58,547)
Net change in fund balances	4,975	(64,782)	3,161	(1,901)	(58,547)
Fund balances, beginning of year	15,591	126,014	47,689	7,220	196,514
Fund balances, end of year	$ 20,566	$ 61,232	$ 50,850	$ 5,319	$ 137,967

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - LAW LIBRARY
Year Ended June 30, 2020

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures, and court fees	$ 5,473	$ 5,473	$ -
Total revenues	5,473	5,473	-
Expenditures:			
Current:			
Judicial system - Law library	498	498	-
Total expenditures	498	498	-
Excess (deficiency) of revenues over (under) expenditures	4,975	4,975	-
Net change in fund balances	4,975	4,975	-
Fund balances, beginning of year	15,591	15,591	-
Fund balances, end of year	$ 20,566	$ 20,566	$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - JAIL
Year Ended June 30, 2020

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures, and court fees	$ 10,973	$ 10,973	$ -
Interest	100	100	-
Total revenues	11,073	11,073	-
Expenditures:			
Capital outlay:			
Public safety	75,855	75,855	-
Total expenditures	75,855	75,855	-
Excess (deficiency) of revenues over (under) expenditures	(64,782)	(64,782)	-
Net change in fund balances	(64,782)	(64,782)	-
Fund balances, beginning of year	126,014	126,014	-
Fund balances, end of year	$ 61,232	$ 61,232	$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - DATE
Year Ended June 30, 2020

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines, forfeitures, and court fees	$ 3,124	$ 3,124	$ -
Interest	37	37	-
Total revenues	3,161	3,161	-
Expenditures:			
Current:			
Public safety			-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	3,161	3,161	-
Net change in fund balances	3,161	3,161	-
Fund balances, beginning of year	47,689	47,689	-
Fund balances, end of year	$ 50,850	$ 50,850	$ -

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND - SHERIFF DRUG FUND
Year Ended June 30, 2020

	Original and Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Fines and forfeitures	$ 14,555	$ 14,555	$ -
Interest	8	8	-
Total revenues	14,563	14,563	-
Expenditures:			
Current:			
Public safety	13,174	13,174	-
Capital outlay:			
Public safety	3,290	3,290	-
Total expenditures	16,464	16,464	-
Excess (deficiency) of revenues over (under) expenditures	(1,901)	(1,901)	-
Net change in fund balances	(1,901)	(1,901)	-
Fund balances, beginning of year	7,220	7,220	-
Fund balances, end of year	$ 5,319	$ 5,319	$ -

TALBOT COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
TAX COMMISSIONER				
ASSETS				
Cash	$ 147,241	$ 8,921,826	$ 8,919,888	$ 149,179
Receivables, taxes	355,405	365,417	355,405	365,417
Total assets	$ 502,646	$ 9,287,243	$ 9,275,293	$ 514,596
LIABILITIES				
Due to others	$ 502,646	$ 514,596	$ 502,646	$ 514,596
CLERK SUPERIOR COURT				
ASSETS				
Cash	$ 144,383	$ 270,826	$ 196,659	$ 218,550
LIABILITIES				
Due to others	$ 144,383	$ 218,550	$ 144,383	$ 218,550
PROBATE COURT				
ASSETS				
Cash	$ 15,726	$ 167,573	$ 166,345	$ 16,954
LIABILITIES				
Due to others	$ 15,726	$ 16,954	$ 15,726	$ 16,954
MAGISTRATE COURT				
ASSETS				
Cash	$ 719	$ 29,889	$ 29,537	$ 1,071
LIABILITIES				
Due to others	$ 719	$ 1,071	$ 719	$ 1,071
SHERIFF				
ASSETS				
Cash	$ 1,088	$ 9,301	$ 9,262	$ 1,127
LIABILITIES				
Due to others	$ 1,088	$ 1,127	$ 1,088	$ 1,127

TALBOT COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended June 30, 2020

Project	Estimated Percent of Completion	Original Estimated Project Amount	Current Estimated Project Amount	Amount Expended Prior Years	Amount Expended Current Year
Resolution #070102:					
Recreational facilities and equipment	84%	$ 2,000,000	$ 597,853	$ 436,114	$ 66,042
Public safety facilities	101%	2,000,000	597,853	565,702	39,178
Roads, streets, and bridge purposes	107%	3,500,000	1,046,242	1,117,661	
Courthouse	90%	1,500,000	448,389	404,784	
County Commissioners annex	73%	1,000,000	298,926	219,650	
Resolution #070107:					
Roads, streets, and bridge purposes	76%	$ 1,200,000		$ 720,971	$ 195,222
Public safety facilities	63%	400,000		217,229	34,088
Recreational facilities and equipment	31%	400,000		118,785	6,763
Courthouse	69%	1,600,000		1,109,737	
Town of Geneva	78%	100,000		77,866	
Town of Junction City	78%	100,000		77,866	
City of Talbotton	78%	100,000		77,866	
City of Woodland	78%	100,000		77,866	
Debt service				1,046,054	
Resolution #070114:					
Jail construction	78%	$ 1,200,000		$ 39,077	$ 770,534
Roads, streets, and bridge purposes	32%	800,000		83,065	171,603
Recreational facilities and equipment	0%	1,200,000			250
Public safety facilities and equipment	20%	400,000		57,525	22,358
Town of Geneva	68%	100,000		52,677	15,025
Town of Junction City	68%	100,000		52,676	15,025
City of Talbotton	68%	100,000		52,677	15,025
City of Woodland	68%	100,000		52,677	15,024

TALBOT COUNTY, GEORGIA
SCHEDULE OF REVENUES AND EXPENDITURES - EMS DEPARTMENT
Years Ended June 30, 2020 and 2019

	2020	2019
Revenues:		
Charges for services	$ 387,600	$ 403,427
Total revenues	387,600	403,427
Expenditures:		
Salaries and fringe benefits	416,563	382,748
Bad debt expense	75,164	137,549
Supplies	28,936	30,327
Telephone and utilities	9,900	10,306
Repairs and maintenance	21,729	23,621
Dues and licenses	6,870	6,803
Contract labor	8,638	16,158
Uniforms	3,205	2,201
Miscellaneous	3,486	7,190
Total expenditures	574,491	616,903
Excess (deficiency) of revenues over (under) expenditures	$ (186,891)	$ (213,476)

AJK

AJK, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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(706) 846-8401 ☐ Fax (706) 846-3370

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Talbot County, Georgia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Talbot County, Georgia's basic financial statements and have issued our report thereon dated August 16, 2021. Our report includes a reference to other auditors who audited the financial statements of Talbot County Department of Public Health, as described in our report on Talbot County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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 audit findings and responses, we did identify certain deficiencies in internal control to be material weakness 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 audit findings and responses as item 20-1 to be a material weakness.

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 accompany schedule of audit findings and responses as items 20-2 through 20-9 to be significant deficiencies.

COMPLIANCE AND OTHER MATTERS

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

TALBOT COUNTY, GEORGIA'S RESPONSE TO FINDINGS

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

PURPOSE OF THIS REPORT

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

AJK, LLC

Manchester, Georgia
August 16, 2021

TALBOT COUNTY, GEORGIA
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
June 30, 2020

MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES

20-1 Accurate Monthly Bank Reconcilitations

Condition and Criteria:	During our audit we noted the bank reconciliations had numerous errors which consisted of outstanding deposits and checks that were not correct based on dates, reconciliations which didn't foot correctly, and reconciled balances which didn't agree to the general ledger at the end of the month. We also noted all bank accounts were not reconciled each month.
Effect:	The failure to perform accurate and timely bank reconciliations could result in errors or fraud that might be material to the financial statements and go undetected by management.
Recommendation:	Each month the bank reconciliations should be prepared accurately and should agree to the cash account in the general ledger. Any differences should be investigated and corrected in a timely manner
Response:	We concur. Beginning immediately, with the February 2021 reconciliations, steps to reconcile will be performed accurately and balances will be compared to the general ledger. Any differences will be evaluated and corrected.

20-2 Segregation of Duties

Condition and Criteria:	Due to the small size of the County's staff, controls are not practical to provide adequate segregation of duties in the cash receipts and disbursements functions.
Effect:	Because of the failure to separate control over cash, errors or fraud that might avoid detection are possible.
Recommendation:	The County Commission should implement other internal controls in areas where segregation of duties is not practical.
Response:	We continue to require dual signatures and review income and expenses regularly. Monitoring areas for increased segregation is an on-going process.

20-3 Controls Over Financial Statement Preparation

Condition and Criteria:	County personnel do not currently possess the skills necessary to prepare the financial statements and related footnote disclosure in accordance with generally accepted accounting principles. This could result in the omission of a material financial statement element or disclosure that might not be detected by management.
Effect:	The deficiency identified above could result in a material misstatement to the County's financial statements that would not be prevented or detected on a timely basis.
Recommendation:	The County should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.
Response:	We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.

20-4 Sheriff Department Timely Deposits

Condition and Criteria:	During our audit of the Sheriff department, we noted that cash receipts are not being deposited on a timely basis.
Effect:	Failure to deposit cash receipts in a timely manner could increase the risk of loss of funds due to misplacement.
Recommendation:	The Sheriff department should make monthly deposits in a timely manner.
Response:	We concur.

20-5 Clerk of Superior Court Timely Deposits and Disbursements

Condition and Criteria:	We noted during our audit of the Clerk of Superior Court that some receipts were not deposited in a timely manner. Also, receipts were not disbursed for the correct amount based on reports of receipts.
Effect:	Failure to deposit cash receipts in a timely manner could increase the risk of loss of funds due to misplacement. Failure to disburse the previous month's receipts for the correct amounts can result in errors in the bank balance.
Recommendation:	Cash receipts should be deposited in a timely manner, at least by the end of the month. Receipts should be disbursed for the correct amount.
Response:	We concur.

20-6 Clerk of Superior Court Restitution Disbursements

Condition and Criteria:	During our audit we noted that the Clerk of Superior Court had restitution and related fees collected that had not been paid out to restitution recipients or victims and appropriate agencies.
Effect:	Failure to remit these funds in a timely manner causes the clerk's bank accounts to accumulate funds.
Recommendation:	Restitution and related fees should be remitted each month as required by laws and regulations. If the payee cannot be located, a list of those funds should be maintained and turned over to the State at the appropriate time.
Response:	We concur. The Clerk will research how the funds have been receipted and disburse funds to the appropriate person or agency.

20-7 Probate/Magistrate Incorrect Reports and Balancing Routines

Condition and Criteria:	During our audit, we noted the reports prepared for the year end, such as proof of cash, recap of cash receipts, and recap of cash disbursements were prepared with incorrect numbers and didn't balance to activity in the bank accounts.
Effect:	Failure to balance activity in the bank accounts to the proof of cash, recap of receipts, and recap of disbursements could result in errors or fraud that go undetected by management.

Recommendation: Each month the proof of cash, recap of receipts, and recap of disbursements should be balanced to the activity in the bank accounts.

Response: We concur.

20-8 Remittance of Payroll Withholding and Maintaining Payroll Reports

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

Effect: Failure to maintain copies of quarterly payroll reports and remitting the correct amount of taxes can result in errors regarding payroll reporting. Posting errors can also result in misstatement in the County's monthly financial statements.

Recommendation: County personnel should ensure all payroll taxes are remitted for the correct amount and maintain a copy of all quarterly reports submitted. Postings for insurance and retirement remittance should be separated by amounts paid by employees through withholdings and County's portion of the expenditure.

Response: We concur.

20-9 Cash Receipts Postings and Support Documentation

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

Effect: Incorrect posting of cash receipts and not maintaining documentation for direct deposits could cause misstatements in the County's financial statements.

Recommendation: County personnel should ensure all cash receipts and direct deposits are posted to correct revenue accounts and documentation is maintain.

Response: We concur.