TALBOT COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

INTRODUCTORY SECTION

TALBOT COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE THREE MONTHS ENDED
SEPTEMBER 30, 2022

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TALBOT COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE THREE MONTHS ENDED
SEPTEMBER 30, 2022

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FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Talbot County, Georgia
Talbotton, Georgia

Report on Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Talbot County, Georgia (the "County") as of and for the three months ended September 30, 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison information for the General Fund; the Transportation Investment Act ("TIA") Fund; and the American Rescue Plan Act ("ARPA") Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Talbot County Department of Public Health, which represents 44.25% of the assets, 43.55% of the net position, and 92.78% of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Talbot County Department of Public Health, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County'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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 the County'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 the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Talbot County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
August 17, 2023

BASIC FINANCIAL STATEMENTS

TALBOT COUNTY, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Department of Public Health	Development Authority
ASSETS					
Cash and cash equivalents	$ 12,199,775	$ 144,744	$ 12,344,519	$ 349,345	$ 300,747
Receivables, net of allowances:					
Taxes	641,179	-	641,179	-	-
Accounts	136,030	185,587	321,617	437	-
Due from other governments	150,252	110,267	260,519	-	-
Internal balances	16,073	(16,073)	-	-	-
Inventories	-	10,954	10,954	-	-
Restricted cash	-	68,139	68,139	-	-
Prepaid items	59,498	-	59,498	-	-
Right to use asset net of accumulated amortization	-	-	-	5,805	-
Capital assets, non-depreciable	1,243,927	19,600	1,263,527	-	123,336
Capital assets, depreciable, net of accumulated depreciation	5,186,268	1,793,093	6,979,361	3,705	28,625
Total assets	19,633,002	2,316,311	21,949,313	359,292	452,708
LIABILITIES					
Accounts payable	254,589	22,595	277,184	3,312	-
Accrued liabilities	-	3,366	3,366	-	-
Customer deposits	-	187,218	187,218	-	-
Unearned revenue	1,123,803	-	1,123,803	-	-
Due to other governments	-	-	-	852	-
Due within one year:					
Financed purchases	311,014	14,862	325,876	-	-
Compensated absences	2,848	578	3,426	-	-
Leases	-	-	-	1,620	-
Revenue bonds payable	-	85,224	85,224	-	-
Due in more than one year:					
Financed purchases	201,344	7,901	209,245	-	-
Compensated absences	6,646	1,350	7,996	-	-
Leases	-	-	-	4,185	-
Notes payable	-	-	-	-	-
Revenue bonds payable	-	2,083,036	2,083,036	-	-
Landfill post-closure costs	455,802	-	455,802	-	-
Total liabilities	2,356,046	2,406,130	4,762,176	9,969	-

TALBOT COUNTY, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

NET POSITION	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Department of Public Health	Development Authority
Net investment in capital assets	$ 5,917,837	$ 1,789,930	$ 7,707,767	$ 3,705	$ 151,961
Restricted for:					
Judicial	34,400	-	34,400	-	-
Public safety	91,070	-	91,070	-	-
Capital projects	4,395,154	-	4,395,154	-	-
Other purposes	-	-	-	40,329	-
Unrestricted	6,838,495	(1,879,749)	4,958,746	305,289	300,747
Total net position	$ 17,276,956	$ (89,819)	$ 17,187,137	$ 349,323	$ 452,708

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

TALBOT COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 518,886	$ 150,029	$ 191,104	$ -
Judicial	100,618	59,426	-	-
Public safety	561,833	131,724	3	-
Public works	405,789	-	-	89
Health and welfare	112,760	-	-	-
Culture and recreation	124,343	-	-	-
Planning and community development	24,264	-	-	-
Interest on long-term debt	3,467	-	-	-
Total governmental activities	1,851,960	341,179	191,107	89
Business-type activities:				
Water system	249,261	295,429	-	-
Total business-type activities	249,261	295,429	-	-
Total primary government	$ 2,101,221	$ 636,608	$ 191,107	$ 89
Component units				
Department of Public Health	$ 208,419	$ 53,557	$ 211,620	$ -
Development Authority	27,700	-	20,390	-
Total component units	$ 236,119	$ 53,557	$ 232,010	$ -

General revenues:
- Property taxes
- Sales taxes
- Motor vehicle and mobile home
- Other taxes
- Interest revenue

Total general revenues

Change in net position

Net position (deficit), beginning of year

Net position (deficit), end of year

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

Net (Expenses) Revenues and Changes in Net Position					
Primary Government				Component Units	
Governmental Activities	Business-type Activities	Total		Department of Public Health	Development Authority
$ (177,753)	$ -	$ (177,753)		$ -	$ -
(41,192)	-	(41,192)		-	-
(430,106)	-	(430,106)		-	-
(405,700)	-	(405,700)		-	-
(112,760)	-	(112,760)		-	-
(124,343)	-	(124,343)		-	-
(24,264)	-	(24,264)		-	-
(3,467)	-	(3,467)		-	-
(1,319,585)	-	(1,319,585)		-	-
-	46,168	46,168		-	-
-	46,168	46,168		-	-
(1,319,585)	46,168	(1,273,417)		-	-
-	-	-		56,758	-
-	-	-		-	(7,310)
-	-	-		56,758	(7,310)
123,208	-	123,208		-	-
934,367	-	934,367		-	-
81,006	-	81,006		-	-
94,363	-	94,363		-	-
3,636	10	3,646		-	261
1,236,580	10	1,236,590		-	261
(83,005)	46,178	(36,827)		56,758	(7,049)
17,359,961	(135,997)	17,223,964		292,565	459,757
$ 17,276,956	$ (89,819)	$ 17,187,137		$ 349,323	$ 452,708

TALBOT COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	TIA Fund	SPLOST Fund	Capital Improvements Fund	ARPA Fund
ASSETS					
Cash and cash equivalents	$ 6,435,411	$ 1,650,921	$ 2,725,627	$ 138,268	$ 1,123,803
Receivables, net:					
Taxes receivable	399,951	58,205	183,023	-	-
Accounts receivable	136,030	-	-	-	-
Due from other governments	150,252	-	-	-	-
Due from other funds	216,348	-	-	-	-
Prepaid items	59,498	-	-	-	-
Total assets	$ 7,397,490	$ 1,709,126	$ 2,908,650	$ 138,268	$ 1,123,803
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 31,967	$ -	$ 222,622	$ -	$ -
Unearned revenues	-	-	-	-	1,123,803
Due to other funds	-	-	-	200,000	-
Total liabilities	31,967	-	222,622	200,000	1,123,803
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	242,002	-	-	-	-
Unavailable revenue - EMS	111,493	-	-	-	-
Total deferred inflows of resources	353,495	-	-	-	-
FUND BALANCES (DEFICIT)					
Fund balances					
Non-spendable for:					
Prepaid items	59,498	-	-	-	-
Restricted for:					
Judicial	-	-	-	-	-
Public safety	-	-	-	-	-
Capital projects	-	1,709,126	2,686,028	-	-
Unassigned	6,952,530	-	-	(61,732)	-
Total fund balances (deficit)	7,012,028	1,709,126	2,686,028	(61,732)	-
Total liabilities, deferred inflows of resources and fund balances	$ 7,397,490	$ 1,709,126	$ 2,908,650	$ 138,268	$ 1,123,803

Amounts reported for governmental activities in the Statement of Net Position are different because:
- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
- Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.
- Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.
  - Financed purchases
  - Compensated absences payable
  - Landfill post-closure costs

Net position of governmental activities

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 125,745	$ 12,199,775
-	641,179
-	136,030
-	150,252
-	216,348
-	59,498
$ 125,745	$ 13,403,082
$ -	$ 254,589
-	1,123,803
275	200,275
275	1,578,667
-	242,002
-	111,493
-	353,495
-	59,498
34,400	34,400
91,070	91,070
-	4,395,154
-	6,890,798
125,470	11,470,920
$ 125,745	
	6,430,195
	353,495
$ (512,358)	
(9,494)	
(455,802)	(977,654)
	$ 17,276,956

TALBOT COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

	General Fund	TIA Fund	SPLOST Fund	Capital Improvements Fund	ARPA Fund
Revenues					
Property taxes	$ 240,933	$ -	$ -	$ -	$ -
Sales tax	372,366	174,781	387,220	-	-
Motor vehicle and mobile home tax	81,006	-	-	-	-
Other taxes	94,363	-	-	-	-
Licenses and permits	7,632	-	-	-	-
Charges for services	142,397	-	-	-	-
Fines and forfeitures	66,719	-	-	-	-
Intergovernmental	115,024	-	-	-	5,078
Interest revenue	3,590	-	80	9	46
Miscellaneous	71,002	-	-	-	-
Total revenues	1,195,032	174,781	387,300	9	5,124
Expenditures					
Current:					
General government	550,874	-	-	-	5,124
Judicial	97,300	-	-	-	-
Public safety	512,586	-	-	-	-
Public works	235,704	38,901	-	-	-
Health and welfare	112,760	-	-	-	-
Culture and recreation	15,496	-	-	-	-
Planning and community development	24,264	-	-	-	-
Intergovernmental	-	-	58,083	-	-
Capital outlay	-	-	138,779	56,209	-
Debt service:					
Principal	13,584	162,294	-	-	-
Interest	471	2,996	-	-	-
Total expenditures	1,563,039	204,191	196,862	56,209	5,124
Net change in fund balances	(368,007)	(29,410)	190,438	(56,200)	-
Fund balance, beginning of year	7,380,035	1,738,536	2,495,590	(5,532)	-
Fund balance, end of year (deficit)	$ 7,012,028	$ 1,709,126	$ 2,686,028	$ (61,732)	$ -

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

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 240,933
-	934,367
-	81,006
-	94,363
-	7,632
-	142,397
12,938	79,657
-	120,102
3	3,728
-	71,002
12,941	1,775,187
-	555,998
2,814	100,114
11,716	524,302
-	274,605
-	112,760
-	15,496
-	24,264
-	58,083
-	194,988
-	175,878
-	3,467
14,530	2,039,955
(1,589)	(264,768)
127,059	11,735,688
$ 125,470	$ 11,470,920

TALBOT COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

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

Net change in fund balances - total governmental funds		$ (264,768)
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 outlay exceeded depreciation in the current period.		
Capital outlay	$ 166,551	
Depreciation	(164,426)	2,125
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(6,232)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayment - financed purchases		175,878
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		9,992
Changes in net position - governmental activities		$ (83,005)

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

TALBOT COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

	Original	Final	Actual Amount	Variance with Final Budget
Revenues				
Property taxes	$ 913,177	$ 913,177	$ 240,933	$ (672,244)
Sales tax	75,000	75,000	372,366	297,366
Insurance premium	94,200	94,200	-	(94,200)
Motor vehicle and mobile home tax	99,596	99,596	81,006	(18,590)
Other taxes	48,787	48,787	94,363	45,576
Licenses and permits	9,100	9,100	7,632	(1,468)
Charges for services	262,885	262,885	142,397	(120,488)
Fines and forfeitures	49,175	49,175	66,719	17,544
Intergovernmental	272,209	272,209	115,024	(157,185)
Interest revenue	6,250	6,250	3,590	(2,660)
Miscellaneous	10,637	10,637	71,002	60,365
Total revenues	1,841,016	1,841,016	1,195,032	(645,984)
Expenditures				
Current				
General government:				
General administration	131,719	131,719	224,723	(93,004)
County commissioners	86,724	86,724	77,401	9,323
Tax commissioner	74,806	74,806	67,322	7,484
Tax assessor	70,164	70,164	50,232	19,932
Elections	72,667	72,667	43,160	29,507
Public buildings	100,841	100,841	88,036	12,805
Total general government	536,921	536,921	550,874	(13,953)
Judicial:				
Probate court	45,876	45,876	30,360	15,516
Clerk of superior court	51,321	51,321	45,984	5,337
Magistrate	5,812	5,812	4,755	1,057
Appeal administration	3,371	3,371	2,421	950
Other court services	20,749	20,749	13,780	6,969
Total judicial	127,129	127,129	97,300	29,829
Public safety:				
Ambulance service	184,002	184,002	158,529	25,473
Coroner	15,498	15,498	5,523	9,975
Fire	23,506	23,506	13,454	10,052
Sheriff and jail	382,599	382,599	300,429	82,170
Emergency management	20,589	20,589	25,529	(4,940)
Regional E-911	8,861	8,861	9,122	(261)
Total public safety	635,055	635,055	512,586	122,469
Public works:				
Landfill	105,825	105,825	123,785	(17,960)
Public works	293,157	293,157	111,919	181,238
Total public works	398,982	398,982	235,704	163,278

(Continued)

TALBOT COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

	Original	Final	Actual	Variance with Final Budget
Expenditures (Continued)				
Current (Continued)				
Health and welfare:				
Transit	$ 96,165	$ 96,165	$ 80,594	$ 15,571
Nutrition	35,987	35,987	17,964	18,023
Health appropriations	26,603	26,603	14,202	12,401
Total health and welfare	158,755	158,755	112,760	45,995
Culture and recreation:				
Parks	10,383	10,383	7,065	3,318
Libraries	8,431	8,431	8,431	-
Total culture and recreation	18,814	18,814	15,496	3,318
Planning and community development:				
County agent	12,225	12,225	7,819	4,406
Building and zoning	16,609	16,609	16,445	164
Planning and community development appropriations	5,135	5,135	-	5,135
Total planning and community development	33,969	33,969	24,264	9,705
Debt service				
Principal	21,400	20,929	13,584	7,345
Interest	-	471	471	-
Total debt service	21,400	21,400	14,055	7,345
Total expenditures	1,931,025	1,931,025	1,563,039	367,986
Deficiency of revenues under expenditures	(90,009)	(90,009)	(368,007)	(277,998)
Other financing sources				
Proceeds from sale of capital assets	750	750	-	(750)
Total other financing sources	750	750	-	(750)
Net change in fund balance	(89,259)	(89,259)	(368,007)	(278,748)
Fund balance, beginning of year	7,380,035	7,380,035	7,380,035	-
Fund balance, end of year	$ 7,290,776	$ 7,290,776	$ 7,012,028	$ (278,748)

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

TALBOT COUNTY, GEORGIA

TIA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

	Original	Final	Actual Amount	Variance with Final Budget
Revenues				
Intergovernmental	$ 174,781	$ 174,781	$ 174,781	$ -
Total revenues	174,781	174,781	174,781	-
Expenditures				
Current:				
Public works	-	38,901	38,901	-
Debt service:				
Principal	-	162,294	162,294	-
Interest	-	2,996	2,996	-
Total expenditures	-	204,191	204,191	-
Net change in fund balance	174,781	(29,410)	(29,410)	-
Fund balance, beginning of year	1,738,536	1,738,536	1,738,536	-
Fund balance, end of year	$ 1,913,317	$ 1,709,126	$ 1,709,126	$ -

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

TALBOT COUNTY, GEORGIA

ARPA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

	Original	Final	Actual Amount	Variance with Final Budget
Revenues				
Intergovernmental	$ -	$ 5,078	$ 5,078	$ -
Interest	-	46	46	-
Total revenues	-	5,124	5,124	-
Expenditures				
Current:				
General government	-	5,124	5,124	-
Total expenditures	-	5,124	5,124	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

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

TALBOT COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Major Enterprise Fund Water System
ASSETS	
Current assets:	
Cash	$ 144,744
Accounts receivable, net of allowance	185,587
Due from other governments	110,267
Inventory	10,954
Restricted cash	68,139
Total current assets	519,691
Capital assets:	
Capital assets, non-depreciable	19,600
Capital assets, depreciable, net of accumulated depreciation	1,793,093
Total non-current assets	1,812,693
Total assets	2,332,384
LIABILITIES	
Current liabilities:	
Accounts payable	22,595
Customer deposits	187,218
Due to other funds	16,073
Accrued interest	3,366
Compensated absences, current portion	578
Financed purchase payable, current portion	14,862
Revenue bonds payable, current portion	85,224
Total current liabilities	329,916
Non-current liabilities:	
Compensated absences payable	1,350
Financed purchase payable	7,901
Revenue bonds payable	2,083,036
Total non-current liabilites	2,092,287
Total liabilites	2,422,203
NET POSITION (DEFICIT)	
Investment in capital assets	1,789,930
Unrestricted	(1,879,749)
Total net position (deficit)	$ (89,819)

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

TALBOT COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

	Major Enterprise Fund Water System
Operating revenues	
Charges for services	$ 282,674
Miscellaneous	12,755
Total operating revenues	295,429
Operating expenses	
Salaries and benefits	34,624
Water purchases	29,771
Services and supplies	23,142
Depreciation	35,666
Other	111,088
Total operating expenses	234,291
Operating income	61,138
Non-operating revenues (expenses)	
Interest expense	(14,970)
Interest revenue	10
Total non-operating expenses, net	(14,960)
Change in net position	46,178
Net position (deficit), beginning of year	(135,997)
Net position (deficit), end of year	$ (89,819)

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

TALBOT COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

	Major Enterprise Fund Water System
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 230,923
Payments to employees	(38,504)
Payments to suppliers and service providers	(197,219)
Net cash used in operating activities	(4,800)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on revenue bonds	(20,941)
Interest paid on capital debt	(15,003)
Net cash used in capital and related financing activities	(35,944)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	10
Net cash provided by investing activities	10
Net change in cash and cash equivalents	(40,734)
Cash and cash equivalents:	
Beginning of year	253,617
End of year	$ 212,883
Classified as:	
Cash	$ 144,744
Restricted cash	68,139
	$ 212,883
Reconciliation of operating income to net cash used in operating activities:	
Operating income	$ 61,138
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	35,666
Increase in accounts receivable	(64,506)
Decrease in due from other funds	24,097
Increase in customer deposits	453
Increase in accounts payable	22,595
Decrease in accrued salaries	(80,362)
Decrease in due from other governments	(1)
Decrease in compensated absences	(3,880)
Net cash used in operating activities	$ (4,800)

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

TALBOT COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 615,719
Taxes receivable	347,623
Total assets	$ 963,342
LIABILITIES	
Due to others	$ 210,019
Uncollected taxes	347,623
Total liabilities	$ 557,642
NET POSITION	
Restricted for individuals, organizations, and other governments	$ 405,700

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

TALBOT COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

	Custodial Funds
ADDITIONS	
Taxes collected	$ 752,146
Fines and fees collected	152,424
Total additons	904,570
DEDUCTIONS	
Taxes disbursed	729,082
Fines and fees disbursed	155,636
Total deductions	884,718
Change in net position	19,852
Net position, beginning of year	385,848
Net position, end of year	$ 405,700

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Discretely Presented Component Units

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

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

Talbot County Department of Public Health
1073 Woodland Hwy
Talbotton, Georgia 31827

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Development Authority of Talbot County ("Development Authority")

Identifies, attracts and locates new business, industry and tourism in the County for the purposes of increasing trade, commerce, industry, tourism and employment opportunities. The County Board of Commissioners appoints a majority of the Board of Directors. The Development Authority of the County's financial statements have been presented separately and can be obtained by writing to:

Talbot County Industrial Development Authority
P.O. Box 98
12 East Madison Street
Talbotton, Georgia 31827

B. Government-wide and Fund Financial Statements

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The ***Capital Improvements Fund*** is a capital projects fund established to account for the major capital expenditures for several capital projects across the County.

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. Deposits and Investments

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

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

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

Investments are reported at fair value. At September 30, 2022, the County has no investments.

E. Receivables/Payables

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

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

All property taxes levied for the current and any previous years, but not received as of September 30, 2022, are shown as property taxes receivable at that date. Any of the taxes, which are determined to be unavailable to pay liabilities of the current period, have been deferred. The Tax Commissioner bills and collects those property taxes levied by the County, the Talbot County Board of Education, the municipalities located within the County and the State of Georgia. Collections and remittances to the County and other governmental agencies are accounted for in a Custodial Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventories

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

G. Prepaid Items

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

H. Restricted Cash

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

I. Capital Assets

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

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

J. Compensated Absences

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

K. Long-Term Obligations

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Inflows of Resources

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

M. Deferred Outflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure until then. The County has no items that qualify for reporting in this category.

N. Fund Equity

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

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

- ***Non-spendable*** – Fund balances are reported as non-spendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash), or b) legally or contractually required to be maintained intact.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

Fund Balance (Continued).

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commission through the adoption of a resolution. Only the County Commission may modify or rescind the commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through policy, authorization to assign fund balance remains with the Board.

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Use of Estimates

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

NOTE 2. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

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

1. The County Manager submits to the Board of Commissioners a proposed operating budget for the following fiscal year. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. The budget is legally enacted through passage of an ordinance.

4. The budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with GAAP.

5. The Capital Projects Fund is budgeted on a project basis, which may be one or more years in length.

6. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

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

NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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

B. Deficit Net Position

For the three months ended September 30, 2022, the County reported deficit net position in the Water System Fund, Capital Improvements Fund, and Magistrate Court of $89,618, $61,732, and $1,155, respectively. The deficits are intended to be eliminated through future revenues and/or transfers.

C. Excess Expenditures Over Appropriations

For the three months ended September 30, 2022, the following fund had expenditures which exceeded the appropriations, which were funded by fund balance and transfers from other funds:

General Fund:	
General administration	$ 93,004
Emergency management	4,940
Regional E-911	261
Landfill	17,960

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of September 30, 2022 are summarized as follows:

Balances per Statement of Net Position:	
Cash and cash equivalents - primary government	$ 12,344,519
Restricted cash - primary government	68,139
Cash - custodial funds	615,719
	$ 13,028,377
Balances by type:	
Cash deposited with financial institutions	$ 13,028,377
	$ 13,028,377

Credit Risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County had no investments as of September 30, 2022.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2022, all of the deposits maintained by the County were properly insured and collateralized as required by the Official Code of Georgia Annotated ("O.C.G.A.") §45-8-12(c) and as defined by GASB pronouncements.

NOTE 4. RECEIVABLES

Taxes were levied on October 15, 2021, and payable on or before December 20, 2021. The County bills and collects its own property taxes. Property taxes levied for 2021 are recorded as receivables, net of estimated uncollectibles. At December 21, the bill becomes delinquent, the applicable property is subject to lien, and penalties and interest may be assessed by the County.

The net receivables collected during the three months ended September 30, 2022, and expected to be collected by November 30, 2022, are recognized as revenues in the three months ended September 30, 2022. Net receivables estimated to be collectible subsequent to November 30, 2022, are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

Receivables consisted of the following at September 30, 2022:

	General	TIA	SPLOST	Water System Fund	Total
Receivables:					
Taxes	$ 399,951	$ 58,205	$ 183,023	$ -	$ 641,179
Accounts	271,790	-	-	238,064	509,854
Due from other governments	150,252	-	-	110,267	260,519
Gross receivables	821,993	58,205	183,023	348,331	########
Less allowance	135,760	-	-	52,477	188,237
Net total receivables	$ 686,233	$ 58,205	$ 183,023	$ 295,854	$ ########

NOTE 5. CAPITAL ASSETS

Capital asset activity for the three months ended September 30, 2022 is as follows:

Governmental activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 295,534	$ -	$ -	$ -	$ 295,534
Construction in progress	781,842	166,551	-	-	948,393
Total	1,077,376	166,551	-	-	1,243,927
Capital assets, being depreciated:					
Building and structures	5,493,561	-	-	-	5,493,561
Improvements	599,269	-	-	-	599,269
Machinery and equipment	4,960,434	-	-	-	4,960,434
Infrastructure	572,841	-	-	-	572,841
Total	11,626,105	-	-	-	11,626,105
Less accumulated depreciation for:					
Building and structures	2,043,208	28,851	-	-	2,072,059
Improvements	364,593	7,544	-	-	372,137
Machinery and equipment	3,730,177	124,451	-	-	3,854,628
Infrastructure	137,433	3,580	-	-	141,013
Total	6,275,411	164,426	-	-	6,439,837
Total capital assets, being depreciated, net	5,350,694	(164,426)	-	-	5,186,268
Governmental activities capital assets, net	$ 6,428,070	$ 2,125	$ -	$ -	$ 6,430,195

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 19,600	$ -	$ -	$ -	$ 19,600
Total	19,600	-	-	-	19,600
Capital assets, being depreciated:					
Machinery and equipment	199,970	-	-	(26,253)	173,717
Transportation equipment	118,216	-	-	26,253	144,469
Water system	5,949,344	-	-	-	5,949,344
Total	6,267,530	-	-	-	6,267,530
Less accumulated depreciation for:					
Machinery and equipment	150,978	29	-	-	151,007
Transportation equipment	123,341	3,637	-	-	126,978
Water system	4,164,452	32,000	-	-	4,196,452
Total	4,438,771	35,666	-	-	4,474,437
Total capital assets, being depreciated, net	1,828,759	(35,666)	-	-	1,793,093
Business-type activities capital assets, net	$ 1,848,359	$ (35,666)	$ -	$ -	$ 1,812,693

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

Governmental activities	
General government	$ 36,153
Judicial	504
Public safety	41,927
Public works	77,897
Culture and recreation	7,945
Total depreciation expense - governmental activities	$ 164,426
Business-type activities:	
Water system	$ 35,666
Total depreciation expense - business-type activities	$ 35,666

NOTE 6. LONG-TERM DEBT

The following is a summary of long-term debt activity for the primary government for the three months ended September 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Financed purchases	$ 688,236	$ -	$ 175,878	$ 512,358	$ 311,014
Landfill post-closure	455,802	-	-	455,802	-
Compensated absences	19,486	-	9,992	9,494	2,848
Totals	$ 1,163,524	$ -	$ 185,870	$ 977,654	$ 313,862
Business-type activities					
Direct placement - revenue bonds	$ 2,189,201	$ -	$ 20,941	$ 2,168,260	$ 85,224
Financed purchases	22,763	-	-	22,763	14,862
Compensated absences	5,808	-	3,880	1,928	578
Totals	$ 2,217,772	$ -	$ 24,821	$ 2,192,951	$ 100,664

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

Financed purchases. The County has entered into financed purchase agreements for the acquisition of various equipment and vehicles for the governmental activities and for the business-type activities. Financed purchases for the governmental activities are being repaid by the General Fund and TIA Fund. Financed purchases for the business-type activities are being repaid through the Water System Fund. These agreements qualify as financed purchases for accounting purposes and, therefore, have been recorded at the present value as of the inception date.

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

For business-type activities, the financed purchases were executed during March 2021 and 2022. Title passes to the County at the end of the financed term.

NOTE 6. LONG-TERM DEBT (CONTINUED)

Financed purchases (Continued). The County's total financed purchase debt service requirements for governmental activities to maturity are as follows:

Year Ended September 30,	Principal	Interest
2023	$ 311,014	$ 11,929
2024	43,571	215
2025	157,773	-
Total	$ 512,358	$ 12,144

The County's total financed purchase debt service requirements for business-type activities to maturity are as follows:

Year Ended September 30,	Principal	Interest
2023	$ 14,862	$ 1,552
2024	7,901	561
Total	$ 22,763	$ 2,113

Revenue bonds. In March 2022, the County issued $2,210,000 in Water Revenue Bond, Series 2022 with an interest rate of 2.75%. The proceeds were used for: (a) refunding the County's Water Revenue Fund, Series 1994A, Series 1994B, and Series 2001, (b) funding capital costs associated with the maintenance of a reservoir, and (c) paying issuance costs.

The County issues bonds where the County pledges revenues derived from the acquired or constructed assets to pay debt service. Business-type revenue bonds outstanding at September 30, 2022 are as follows:

Purpose	Interest Rate	Due Date	Original Amount	Outstanding Amount
Water revenue refunding and improvements	5.000%	2041	$ 2,168,260	$ 2,168,260
				$ 2,168,260

NOTE 6. LONG-TERM DEBT (CONTINUED)

Revenue bonds (Continued). The revenue bonds have debt service requirements as follows:

Three Months Ended September 30,	Principal	Interest	Total
2023	$ 85,224	$ 58,558	$ 143,782
2024	87,598	56,185	143,783
2025	90,037	53,745	143,782
2026	92,545	51,238	143,783
2027	95,122	48,661	143,783
2028 – 2032	516,853	202,060	718,913
2033 – 2037	592,945	125,968	718,913
2038 – 2042	607,936	37,890	645,826
Total	$ 2,168,260	$ 634,305	$ 2,802,565

NOTE 7. INTERFUND BALANCES

The composition of interfund balances as of September 30, 2022 is as follows:

	Due From		
Due To	Water System Fund	Capital Improvements Fund	Nonmajor Funds
General Fund	$ 16,073	$ 200,000	$ 275
Total	$ 16,073	$ 200,000	$ 275

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

NOTE 8. JOINT USE AGREEMENT

On August 4, 1992, the County entered into a joint services contract with the City of Manchester, Georgia (the “City”) regarding the City's water treatment facility. The contract entitles the County to 29% of the City's total water treatment plant capacity, 29% of the reservoir capacity and 29% of total water line capacity. The County, in turn, shares in the cost of operating and maintaining the water treatment facility based upon actual consumption by the County in relation to the total production of the water treatment plant. Payments to the City are reported as water purchases in the Statement of Revenues, Expenses and Changes in Fund Net Position for proprietary funds.

NOTE 9. DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Effective July 1, 2016, County employees are covered by the Association County Commissioners of Georgia Defined Contribution Plan Program, ACCG 401(a) Defined Contribution Plan for Talbot County employees. This plan covers full-time employees whom work at least 30 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 three months ended September 30, 2022 was $34,556. Total payroll for the three months ended September 30, 2022 was $624,965.

NOTE 10. LANDFILL POST-CLOSURE COSTS

Effective April 1994, the County closed its landfill and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. As of September 30, 2022, the County has a remaining 30 years of monitoring. Engineering studies estimate post-closure costs of approximately $495,305 over that period. These costs are based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of September 30, 2022. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this post-closure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases commercial insurance to cover property and liability and professional liability claims.

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

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

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

NOTE 12. JOINT VENTURE

River Valley Regional Commission

Under Georgia law, the County, in conjunction with other cities and counties in the 16-county west central Georgia area, is a member of the River Valley Regional Commission ("RC") and is required to pay annual dues thereto. During its three months ended September 30, 2022, the County paid $1,128 in such dues. Membership in an RC is required by O.C.G.A. §50-8-34 which provides for the organizational structure of the RC in Georgia.

NOTE 12. JOINT VENTURE (CONTINUED)

River Valley Regional Commission (Continued)

The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

River Valley Regional Commission
228 West Lamar Street
Americus, Georgia 31709.

Middle Flint Regional E-911 Authority

The Middle Flint Regional E-911 Authority (the "E-911 Authority") is comprised of eight board members: two appointed by the County and the remaining six appointed by the other representative counties. The County allocated to the E-911 Authority $9,122 during the three-month period to assist with general operating expenses. The County's governing body does not approve the budget nor does it have any oversight of the day-to-day operations of the E-911 Authority. The E-911 Authority was established to provide emergency communications services to Dooly, Macon, Marion, Schley, Sumter, Talbot, Taylor, and Webster counties. Separate financial statements may be obtained from:

Middle Flint Regional E-911 Authority
222 Hayes Avenue
Ellaville, Georgia 31806.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Contingencies

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

TALBOT COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	Special Revenue Funds				
	Law Library Fund	Jail Fund	DATE Fund	Sheriff Drug Fund	Totals
ASSETS					
Cash and cash equivalents	$ 34,400	$ 26,700	$ 56,811	$ 7,834	$ 125,745
Total assets	$ 34,400	$ 26,700	$ 56,811	$ 7,834	$ 125,745
LIABILITIES					
Due to other funds	$ -	$ -	$ 275	$ -	$ 275
Total liabilities	$ -	$ -	$ 275	$ -	$ 275
FUND BALANCES					
Restricted for:					
Judicial	$ 34,400	$ -	$ -	$ -	$ 34,400
Public safety	-	26,700	56,536	7,834	91,070
Total fund balances	$ 34,400	$ 26,700	$ 56,811	$ 7,834	$ 125,470

TALBOT COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

	Special Revenue Funds				
	Law Library Fund	Jail Fund	DATE Fund	Sheriff Drug Fund	Totals
Revenues					
Fines and forfeitures	$ 2,704	$ 4,320	$ 873	$ 5,041	$ 12,938
Interest revenue	-	-	3	-	3
Total revenues	2,704	4,320	876	5,041	12,941
Expenditures					
Current:					
Judicial	2,814	-	-	-	2,814
Public safety	-	2,332	935	8,449	11,716
Total expenditures	2,814	2,332	935	8,449	14,530
Net change in fund balances	(110)	1,988	(59)	(3,408)	(1,589)
Fund balances, beginning of year	34,510	24,712	56,595	11,242	127,059
Fund balances, end of year	$ 34,400	$ 26,700	$ 56,536	$ 7,834	$ 125,470

TALBOT COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

Project Description Per SPLOST Referendum	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Resolution #070102:					
Recreational facilities and equipment	$ 2,000,000	$ 2,000,000	$ 538,382	$ -	$ 538,382
Public safety facilities	2,000,000	2,000,000	608,329	-	608,329
Roads, streets and bridge purposes	3,500,000	3,500,000	1,117,661	-	1,117,661
Courthouse	1,500,000	1,500,000	404,784	-	404,784
County Commissioners annex	1,000,000	1,000,000	219,650	-	219,650
Resolution #070107:					
Roads, streets and bridge purposes	1,200,000	1,200,000	916,193	-	916,193
Public safety facilities	400,000	400,000	260,208	-	260,208
Recreational facilities and equipment	400,000	400,000	176,954	-	176,954
Courthouse	1,600,000	1,600,000	1,109,737	-	1,109,737
Town of Geneva	100,000	100,000	77,866	-	77,866
Town of Junction City	100,000	100,000	77,866	-	77,866
City of Talbotton	100,000	100,000	77,866	-	77,866
City of Woodland	100,000	100,000	77,866	-	77,866
Debt service	Debt service	Debt service	1,046,054	-	1,046,054
Resolution #070114:					
Jail construction	1,200,000	1,200,000	939,161	110	939,271
Roads, streets and bridge purposes	800,000	800,000	432,999	-	432,999
Recreational facilities and equipment	1,200,000	1,200,000	7,683	37,768	45,451
Public safety facilities and equipment	400,000	400,000	137,019	-	137,019
Town of Geneva	100,000	100,000	78,210	-	78,210
Town of Junction City	100,000	100,000	78,209	-	78,209
City of Talbotton	100,000	100,000	78,210	-	78,210
City of Woodland	100,000	100,000	78,209	-	78,209
Resolution #070120:					
Community building	1,020,000	1,020,000	138,844	100,900	239,744
Roads, streets and bridge purposes	1,360,000	1,360,000	9,716	-	9,716
Public safety facilities and equipment	680,000	680,000	105,869	-	105,869
Town of Geneva	34,157	34,157	12,705	3,674	16,379
Town of Junction City	57,576	57,576	21,067	6,193	27,260
City of Talbotton	315,544	315,544	116,844	33,941	150,785
City of Woodland	132,723	132,723	49,743	14,276	64,019
	$ 21,600,000	$ 21,600,000	$ 8,993,904	$ 196,862	$ 9,190,766

CUSTODIAL FUNDS

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

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

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

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

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

TALBOT COUNTY, GEORGIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2022

	Clerk of Superior Court	Probate Court	Sheriff
ASSETS			
Cash and cash equivalents	$ 254,628	$ 23,932	$ 24,943
Taxes receivable	-	-	-
Total assets	$ 254,628	$ 23,932	$ 24,943
LIABILITIES			
Due to others	$ 3,664	$ 13,413	$ 6,132
Uncollected taxes	-	-	-
Total liabilities	$ 3,664	$ 13,413	$ 6,132
NET POSITION			
Restricted for individuals, organizations, and other governments	$ 250,964	$ 10,519	$ 18,811

Tax Commissioner	Magistrate Court	Total
$ 310,744	$ 1,472	$ 615,719
347,623	-	347,623
$ 658,367	$ 1,472	$ 963,342
$ 186,810	$ -	$ 210,019
347,623	-	347,623
$ 534,433	$ -	$ 557,642
$ 123,934	$ 1,472	$ 405,700

TALBOT COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

	Clerk of Superior Court	Probate Court	Sheriff
ADDITIONS			
Taxes collected	$ -	$ -	$ -
Fines and fees collected	39,748	80,537	22,135
Total additons	39,748	80,537	22,135
DEDUCTIONS			
Taxes disbursed	-	-	-
Fines and fees disbursed	43,204	81,443	21,075
Total deductions	43,204	81,443	21,075
Change in net position	(3,456)	(906)	1,060
Net position, beginning of year	254,420	11,425	17,751
Net position, end of year	$ 250,964	$ 10,519	$ 18,811

Tax Commissioner	Magistrate Court	Total
$ 752,146	$ -	$ 752,146
-	10,004	152,424
752,146	10,004	904,570
729,082	-	729,082
-	9,914	155,636
729,082	9,914	884,718
23,064	90	19,852
100,870	1,382	385,848
$ 123,934	$ 1,472	$ 405,700

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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*

Board of Commissioners
of Talbot County, Georgia
Talbotton, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Talbot County, Georgia (the "County"), as of and for the three months ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 17, 2023. Our report includes a reference to other auditors who audited the financial statements of the Talbot County Department of Public Health, as described in our report on the County's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting on compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Talbot County, Georgia's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit as described in the accompanying Schedule of Findings and Responses. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
August 17, 2023

TALBOT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	_X_ Yes ___ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes _X_ No
Noncompliance material to financial statements noted?	_X_ Yes ___ No

Federal Awards

There was not an audit of major federal programs as of September 30, 2022 due to the total amount expended being less than $750,000.

TALBOT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2022-001 – General Accounting Matters/Close-Out Procedures

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

Condition: During our audit, we noted several occasions of accounting, reporting and reconciling not being properly performed and/or reviewed during the fiscal year which required a significant effort to close the County's 2022 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed September 30, 2022. Specifically, we noted the following issues related to financial and non-financial information:

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

Context: We addressed the matter with the County officials who were able to provide all respective details and reconciliations as of and for the three months ended September 30, 2022.

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

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

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

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

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2022-002 – Segregation of Duties

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

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

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

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

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

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

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

TALBOT COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

TALBOT COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

2022-001 – General Accounting Matters/Close-Out Procedures

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

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

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

Auditee Response/Status: Unresolved. See finding 2022-001.

2022-002 – Segregation of Duties

Condition/criteria: Appropriate segregation of duties does not exist among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Auditee Response/Status: Unresolved. See finding 2022-002.