

HEARD COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

HEARD COUNTY, GEORGIA FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

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Kim Kimmel
Certified Public Accountant
PO 39
Richland, Georgia 31825

Member:
American Institute of CPAs
Georgia Society of CPAs
Government Audit Quality Center

229-887-2543
229-887-3402 fax
crazycpa@bellsouth.net

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Heard County, Georgia

Opinions

I have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Heard County, Georgia, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Heard County, Georgia as of June 30, 2023, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

I did not audit the financial statements of the Heard County Health Department, and the Heard County Water Authority, which represent 55 percent of the assets and 88 percent of the revenues in the component unit columns. Those financial statements were audited by other auditors whose report has been furnished to me, and my opinion on the basic financial statements, insofar as it relates to the amounts included for the Heard County Health Department, and the Heard County Water Authority, is based on the reports of the other auditors.

Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described by the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am required to be independent of the County and to meet other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibility 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 entity'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 Responsibility for the Financial Statements

My 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 my 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*, I

- Exercise professional judgement 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 controls 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 my judgement, 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.

I am 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 I 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 require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

The budgetary comparison information on page 29 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

I have applied certain limited procedures to the budgetary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and

other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Heard County, Georgia's basic financial statements. The combining nonmajor fund financial statements, schedule of state awards, and the schedule of funding progress are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated June 25, 2024 on my consideration of Heard County, Georgia's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the heard County, Georgia's internal control over financial reporting and compliance.

Kim Kimmel CPA

Richland, Georgia
June 25, 2024

HEARD COUNTY, GEORGIA
Statement of Net Position
Primary Government as of June 30, 2023
Component Units as of June 30, 2023

	Primary Government		Component Units			
	Governmental Activities	Heard Co. Water Authority	Heard Co. Health Department	Heard Co. Development Authority	Heard Co. Public Facilities Authority	Heard Co. Hospital Authority
ASSETS						
Cash and cash equivalents	\$ 22,672,350	\$ 3,636,819	\$ 691,584	\$ 5,761,216	\$ 12	\$ 81,350
Accounts receivable	359,560	192,571	461	-	14,731,536	-
Sales tax receivable	260,052	-	-	-	-	-
Property tax receivable	85,376	-	-	-	-	-
Prepaid and other	-	30,413	-	-	-	-
Restricted assets						
Cash and investments	-	422,241	-	-	-	-
Notes receivable-current	-	-	-	22,505	-	-
Notes receivable-noncurrent	-	-	-	182,053	-	-
Nondepreciable Capital Assets	11,709,822	48,424	-	734,588	-	-
Depreciable Capital Assets, Net	38,991,287	21,522,624	4,835	546,274	-	516,349
Intangible asset, net	-	4,311	-	-	-	-
Total Assets	74,078,447	25,857,403	696,880	7,246,636	14,731,548	597,699
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflows related to OPEB plan	-	-	30,263	-	-	-
Deferred outflows related to pension plan	829,720	245,573	119,963	-	-	-
Total deferred outflow of resources	829,720	245,573	150,226	-	-	-
LIABILITIES						
Accounts payable	245,973	55,805	-	8,182	-	-
Accrued expenses	547,752	65,563	4,966	-	189,850	-
Customer deposits	-	219,356	-	-	-	-
Net pension liability	863,497	283,833	275,286	-	-	-
Net OPEB liability	-	-	17,717	-	-	-
Compensated absences	283,991	10,062	3,310	-	-	-
Unearned revenue	1,157,952	-	-	-	-	-
Landfill post-closure due in less than one year	18,104	-	-	-	-	-
Landfill post closure due in more than one year	36,209	-	-	-	-	-
Bonds payable in less than one year	-	-	-	-	1,605,000	-
Bonds payable in more than one year	-	-	-	-	13,398,851	-
Lease payable in less than one year	-	1,847	-	-	-	-
Lease payable in more than one year	-	2,585	-	-	-	-
Notes payable in less than one year	-	107,991	-	-	-	-
Notes payable in more than one year	-	2,713,939	-	-	-	-
Total Liabilities	3,153,478	3,460,981	301,279	8,182	15,193,701	-
DEFERRED INFLOW OF RESOURCES						
Deferred inflows related to leases	-	-	-	204,112	-	-
Deferred inflows related to OPEB plan	-	-	33,842	-	-	-
Deferred inflows related to pension plan	465,750	24,507	12,581	-	-	-
Pension plan	465,750	24,507	46,423	204,112	-	-
NET POSITION						
Net investment in capital assets	11,709,822	18,748,997	4,835	1,280,862	-	-
Restricted for:						
Debt service	-	260,268	-	-	-	-
Public Safety	135,924	-	-	-	-	-
Public works	430	-	-	-	-	-
Public Health	-	-	116,747	-	-	-
Deposits	-	161,973	-	-	-	-
Capital Projects	10,388,956	-	-	-	-	-
Unrestricted	49,053,807	3,446,250	377,822	5,753,480	(462,153)	597,699
Total Net Position	\$ 71,288,939	\$ 22,617,488	\$ 499,404	\$ 7,034,342	\$ (462,153)	\$ 597,699

See accompanying notes to the basic financial statements.

HEARD COUNTY, GEORGIA
Statement of Activities
Primary Government Year Ended June 30, 2023
Component Units Years Ended June 30, 2023

Function/Program	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	
Governmental Activities:					
General Government	\$ 1,984,893	\$ 98,832	\$ -	\$ -	\$ (1,886,061)
Court Administration	1,154,589	-	-	-	(1,154,589)
Public Safety	8,129,801	998,917	310,521	-	(6,820,363)
Public Works	3,103,722	67,589	-	772,063	(2,264,070)
Culture and recreation	1,261,433	52,007	-	-	(1,209,426)
Housing and development	261,263	-	-	-	(261,263)
Health and Welfare	683,277	84,616	-	-	(598,661)
Intergovernmental	1,832,063	-	-	-	(1,832,063)
Total Governmental Activities	18,411,041	1,301,961	310,521	772,063	(16,026,496)
Business-Type Activities:					
Total Business-Type Activities:	-	-	-	-	-
Total Primary Government	18,411,041	1,301,961	310,521	772,063	(16,026,496)
Component Units:					
Heard County Water Authority	3,499,330	3,033,361	-	271,000	(194,969)
Heard County Health Department	391,886	149,156	316,573	-	73,843
Heard County Development Authority	335,356	175,848	-	-	(159,508)
Head County Hospital Authority	60,169	43,404	-	-	(16,765)
Heard County Public Facilities Authority	1,003,741	541,588	-	-	(462,153)
Total Component Units	\$ 5,290,482	\$ 3,943,357	\$ 316,573	\$ 271,000	\$ (759,552)

	Primary Government	
	Governmental Activities	Component Units
Change in Net Assets:		
Net (expense) revenue	\$ (16,026,496)	\$ (759,552)
General Revenues		
Property taxes	4,605,153	-
Sales taxes	13,788,094	-
Payment in lieu of taxes	1,338,097	-
Insurance premium tax	741,868	-
Other taxes	401,992	-
Investment Revenue	28,390	111,963
Other	637,031	-
Gain on sale of assets	-	5,015
Special Item	-	2,000,000
Total general revenues and transfers	21,540,625	2,116,978
Changes in net position	5,514,129	1,357,426
Net position beginning of year	65,774,810	28,929,355
Restatement	-	-
Net position beginning as restated	65,774,810	28,929,355
Net position at end of year	\$ 71,288,939	\$ 30,286,781

See accompanying notes to the basic financial statements.

HEARD COUNTY, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2023

	General	2019 SPLOST	ARPA	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 7,845,104	\$ 13,522,439	\$ 1,158,397	\$ 146,410	\$ 22,672,350
Investments	-	-	-	-	-
Accounts Receivable	359,560	-	-	-	359,560
Due from other funds	3,133,483	-	-	-	3,133,483
Sales Taxes Receivable	260,052	-	-	-	260,052
Property Taxes Receivable	85,376	-	-	-	85,376
Total Assets	11,683,575	13,522,439	1,158,397	146,410	26,510,821
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts Payable	245,972	-	-	10,501	256,473
Accrued expenses	537,251	-	-	-	537,251
Unearned revenue	-	-	1,157,952	-	1,157,952
Due to other funds	-	3,133,483	-	-	3,133,483
Total Liabilities	783,223	3,133,483	1,157,952	10,501	5,085,159
Deferred Inflows of Resources	85,376	-	-	-	85,376
Fund Balances					
Restricted for:					
Capital expenditures	-	10,388,956	-	-	10,388,956
Public safety	-	-	445	135,479	135,924
Public works	-	-	-	430	430
Public welfare	-	-	-	-	-
Unassigned	10,814,976	-	-	-	10,814,976
Total Fund Balances	10,814,976	10,388,956	445	135,909	21,340,286
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,683,575	\$ 13,522,439	\$ 1,158,397	\$ 146,410	\$ 26,510,821

See accompanying notes to the basic financial statements.

HEARD COUNTY, GEORGIA
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2023

Total Governmental Funds Balances	\$	21,340,286
Amounts reported for governmental activities on the statement of net assets are different because of the following:		
Capital assets of \$79,828,351 net of accumulated depreciation of \$29,127,242 used in governmental activities are not financial resources and, therefore, are not reported in the funds.		50,701,109
Accrual based recording of net pension liability		(863,497)
Pension contributions made in current year to be applied in the next year recorded as deferred outflows in the government-wide balance sheet		829,720
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Deferred property taxes		85,375
Deferred inflows from pension plan activity		(465,750)
Interfund payables eliminated		
Due from other funds		(3,133,483)
Due to other funds		3,133,483
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Due in more than one year		<u>(338,304)</u>
Net Position of Governmental Activities	\$	<u><u>71,288,939</u></u>

See accompanying notes to the basic financial statements.

HEARD COUNTY, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2023

	General	2019 SPLOST	ARPA	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 11,696,585	\$ 7,909,005	\$ -	\$ -	19,605,590
Charges for Services	893,860	-	-	-	893,860
Licenses and Permits	218,428	-	-	-	218,428
Fines and Forfeitures	179,433	-	-	10,440	189,873
Intergovernmental	1,648,618	457,663	-	302,906	2,409,187
Interest	27,735	11,494	439	216	39,884
Other	474,345	-	-	164,490	638,835
Total Revenues	15,139,004	8,378,162	439	478,052	23,995,657
Expenditures					
Current					
General government	1,679,910	-	72	-	1,679,982
Judicial	1,110,395	-	-	-	1,110,395
Public safety	7,228,795	-	-	173,431	7,402,226
Public works	2,011,028	66,828	-	302,906	2,380,762
Culture and recreation	836,955	-	-	-	836,955
Housing and development	240,184	-	-	-	240,184
Health and welfare	643,860	-	-	-	643,860
Intergovernmental	-	1,832,063	-	-	1,832,063
Capital outlay	-	3,472,646	-	12,424	3,485,070
Total Expenditures	13,751,127	5,371,537	72	488,761	19,611,497
Excess (deficiency) of revenues over expenditures	1,387,877	3,006,625	367	(10,709)	4,384,160
Other Financing Sources (Uses)					
Sale of surplus assets	-	-	-	-	-
Transfers—In	-	-	-	-	-
Transfers—Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	1,387,877	3,006,625	367	(10,709)	4,384,160
Fund Balances, Beginning	9,427,099	7,382,331	78	146,618	16,956,126
Fund Balances at End of Year	\$ 10,814,976	\$ 10,388,956	\$ 445	\$ 135,909	\$ 21,340,286

See accompanying notes to the basic financial statements.

HEARD 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, 2023

Net Change in Fund Balances—Total Governmental Funds	\$ 4,384,160
<p>Amounts reported for governmental activities on the statement of activities are different because of the following:</p>	
<p>Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year:</p>	
Capital Outlay—Depreciable Capital Assets	3,485,070
Depreciation	(2,276,513)
	-
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:</p>	
Property Taxes	(70,485)
<p>Adjustments to long-term liabilities recorded as expenditures in the fund financial statements:</p>	
Decrease in landfill post-closure liability	18,104
Decrease in long-term compensated absences	54,881
Decrease in net pension liability	(81,088)
	-
Change in Net Position of Governmental Activities	\$ 5,514,129

See accompanying notes to the basic financial statements.

HEARD COUNTY, GEORGIA
Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	Tax Commis sioner	Clerk of Court	Probate Office	Magistrate Office	Sheriff Office	Tax Sale Escrow	Total
ASSETS							
Cash	\$ 307,483	\$ 141,134	\$ 10,995	\$ 9,502	\$ 3,104	\$ 20,117	\$ 492,335
Taxes receivable	622,046	-	-	-	-	-	622,046
Total assets	929,529	141,134	10,995	9,502	3,104	20,117	1,114,381
Fiduciary Net Position- Held for Others	929,529	141,134	10,995	9,502	3,104	20,117	1,114,381
TOTAL NET FIDUCIARY NET POSITION	\$ 929,529	\$ 141,134	\$ 10,995	\$ 9,502	\$ 3,104	\$ 20,117	\$ 1,114,381

See accompanying notes to the basic financial statements.

HEARD COUNTY, GEORGIA
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2023

	Tax Commis sioner	Clerk of Court	Probate Office	Magistrate Office	Sheriff Office	Tax Sale Escrow	Total
ADDITIONS							
Taxes	\$ 15,949,353	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,949,353
Fines	-	188,805	103,466	-	-	-	292,271
Service fees	-	119,390	5,446	57,802	8,777	-	191,415
Condemnations	-	26,981	-	-	-	-	26,981
Bonds	-	5,610	-	-	-	-	5,610
Interest income	-	990	-	-	-	40	1,030
Total Additions	15,949,353	341,776	108,912	57,802	8,777	40	16,466,660
DEDUCTIONS							
Distributed to other governments	15,739,840	180,915	71,244	5,515	5,717	-	16,003,231
Held for others	-	174,264	39,623	47,906	-	-	261,793
Program expenses	-	-	-	-	-	-	-
Total Deductions	15,739,840	355,179	110,867	53,421	5,717	-	16,265,024
Change in Net Position	209,513	(13,403)	(1,955)	4,381	3,060	40	201,636
Net Position 6-30-21	720,016	154,537	12,950	5,121	44	20,077	862,715
Net Position 6-30-22	\$ 929,529	\$ 141,134	\$ 10,995	\$ 9,502	\$ 3,104	\$ 20,117	\$ 1,064,351

See accompanying notes to the basic financial statements.

HEARD COUNTY, GEORGIA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

1. REPORTING ENTITY

Heard County, Georgia was formed by the State legislature on December 22, 1830. The County operates under the control of a five-member Board of Commissioners, plus a Chairman, all elected by the citizens of Heard County. The Chairman of the Board of Commissioners manages the daily activities of the County. Heard County provides the following services as authorized by its charter: public safety, public works, public health and welfare, recreation, and utilities.

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Heard County, this includes all departments and activities that are operated directly by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the issuance of debt, or the levying of taxes.

The component unit columns on the combined financial statements include the financial data of the County's discretely presented component units. They are reported in separate columns to emphasize that they are legally separate from the County.

Heard County Health Department:

The Health Department operates a general health clinic for the benefit of the residents of Heard County. In addition to the County's contribution of financial support, the County Board of Commissioners appoints a majority of the Health Department's Board of Directors, and thereby exercises considerable influence upon the Health Department's activities. The Health Department's fiscal year ends with June 30. The accompanying financial statements include the financial information for the Health Department as of and for the year ended June 30, 2023. The Health Department issues separately audited Component Unit Financial Statements. Copies of their statements may be obtained from the Heard County Board of Public Health, Franklin, Georgia. The financial information of the Health Department is included in the combined financial statements as a discretely presented component unit.

Heard County Development Authority:

The Development Authority operates to promote economic development in Heard County. The County is financially responsible for the debt of the Development Authority. The Development Authority's fiscal year ends with June 30. The accompanying financial statements include the financial information for the Development Authority as of and for the year ended June 30, 2023. The Development Authority issues separately audited Component Unit Financial Statements. Copies of their statements may be obtained from the by writing to Heard County Development Authority, PO Box 368, Franklin, GA 30217. This financial information is included in the combined financial statements as a discretely presented component unit.

Heard County Public Facilities Authority

The Public Facilities Authority was formed to provide increased financing options for government entities within Heard County. Operations consist of arranging long term debt at low or no interest rates for the Board of Education. The accompanying financial statements include the financial information for the Public Facilities Authority as of and for the year ended June 30, 2023 as supplementary data. Separate financial statements are not issued. Financial information can be obtained by contacting the Heard County Commissioners.

Heard County Water Authority:

The Water Authority provides water delivery service to the citizens of Heard County. The County is financially responsible for the debt of the Water Authority. The Water Authority's fiscal year ends with June 30. The accompanying financial statements include the financial information for the Water Authority as of and for the year ended June 30, 2023. The Water Authority issues separately audited Component Unit Financial Statements. Copies of their statements may be obtained from the by writing to Heard County Water Authority, PO Box 610, Franklin, GA 30217. This financial information is included in the combined financial statements as a discretely presented component unit.

Heard County Hospital Authority

The Hospital Authority was formed to manage real estate properties utilized by a local hospital and health related entities within Heard County. Operations consist of renting a commercial building to the Heard County Health Department. The accompanying financial statements include the financial information for the Hospital Authority as of and for the year ended June 30, 2023 as supplementary data. Separate financial statements are not issued. Financial information can be obtained by contacting the Heard County Commissioners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide Financial Statements:

The Statement of net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except fiduciary funds and component units that are fiduciary in nature. The effect of interfund activity, within the governmental type activities columns, has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be a separate accounting entity. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The County's major funds are described below:

General Fund:

The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Georgia.

2019 SPLOST Fund:

This fund accounts for the receipt and expenditure of a 2023 Special Purpose Local Option Sales Tax referendum.

ARPA Fund:

This fund accounts for the receipt and expenditure of a federal award from the UAS Treasury.

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary to useful or sound financial administration. Goods or services from such activities can be provided to outside parties (Enterprise Funds) or to other departments or agencies primarily within the government (Internal Service Funds). The Proprietary funds used by the County are as follows:

Enterprise Funds:

The Heard County Water Authority, Heard County Development Authority, and Heard County Hospital Authority Discretely Presented Component Units are included in the financial statements as enterprise funds.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The fiduciary fund financial statements are presented using the accrual basis of accounting.

Agency Funds-The County utilizes agency funds to account for the activities of the Tax Commissioner, Sheriff, and Clerk of Court, Probate Office, Magistrate Office, and Tax Sale Escrow Fund.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide and enterprise fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; enterprise funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues—Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within thirty-one days after year end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including insurance premium tax), grants, interest, and rent.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Process

The County budgets its operations on an annual basis for the general fund. The proposed budget is prepared each May by a Budget Committee consisting of the Board of Commissioners, the County Administrator, and the Financial Administrator. Budget requests from the various County departments are presented to this Committee for consideration. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Heard County. The final proposed budget is presented at a Board of Commissioners meeting for final passage prior to June 30. The final budget is adopted at public meeting. Grants and contracts received by the County during the year are governed by stipulated budgets that are normally officially adopted at the time the grants are approved.

Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds presents a comparison of budgetary data to actual results of operations for which annual operating budgets are legally adopted. Revenues are budgeted by source and expenditures are budgeted by department and class as follows: General government, Court administration, Public safety, Public works, Culture and recreation, Housing and development, Health and welfare, Capital outlay, and Debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level except for matching funds required by grantors. All budget revisions at this level are subject to final review by the Board. Within these control levels, management may transfer appropriations without Board approval.

Capital Projects Funds are budgeted over the life of the project and not on an annual basis; therefore, budgetary data for these funds have not been presented in the accompanying combined financial statements.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. There were no outstanding encumbrances at year-end.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value on the date donated. The County maintains a capitalization threshold of one thousand dollars. The County's infrastructure consists of roads, bridges, and culverts. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are

not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

In accordance with provisions of GASB 34, the County has only capitalized infrastructure purchased or constructed after July 1, 2003.

All capital assets are depreciated, except for land and improvements and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	40 - 100 years
Improvements	20 years
Vehicles	5 - 15 years
Machinery & equipment	5 - 20 years
Infrastructure	25 - 75 years

Interfund Receivables/Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as "Internal Balances."

Compensated Absences

Full time County employees earn personal leave time according to a schedule based upon length of employment. After one year of employment, an employee will receive 17 days. After five years of employment, an employee will receive 22 days. After ten years of employment, an employee will receive 27 days. After fifteen years of employment, an employee will receive 32 days. After twenty years of employment, an employee will receive 37 days.

All personal days which are not utilized during an employee's employment year shall not carry over to the next year. Except, such unused days, shall be designated as "banked" days, and shall be recorded and placed in a personal day's bank for that employee. Bank days are limited to 240 days.

An employee who dies while employed with the County or resigns in good standing with a two-week written notice, may receive the current year's accrual, plus banked days to a maximum of thirty leave days. An employee who retires at the normal retirement age may receive the full number of days in the employee's bank.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the County will compensate the employees for the benefits through paid time off or some other means.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of

the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, compensated absences and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Loans and capital leases are recognized as a liability on the fund financial statements when due.

Leases

The County adopted ASC 842 Leases. The County had no leases falling under this standard in 2023.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position and or balance sheet 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. The County has deferred outflows from pension plan accruals.

In addition to liabilities, the statement of financial position and or balance sheet 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 government 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 amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds report unavailable revenues from property taxes as well as from pension plan accruals.

Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- **Nonspendable**—Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

- **Restricted**—Amounts that can be spent only for specific purposes because of the County Charter, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed**—Amounts that can be used only for specific purposes determined by a formal action by the County Commission ordinance.
- **Assigned**—Amounts that are designated by the Commission Chair for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by County Commission.
- **Unassigned**—All amounts not included in other spendable classifications.

Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the County, these revenues are charges for services for sanitary landfill and recycling services and rent. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

Cash and Equivalents

Cash and equivalents include amounts in demand deposit accounts as well as short-term certificates of deposit with a maturity date of three months or less.

Investments

State statutes authorize the County to invest in obligations of United States government and agencies thereof, general obligations of the State of Georgia or any of its political subdivisions, or banks to the extent they are insured by the FDIC.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. DEPOSITS AND INVESTMENTS

Deposits- State statutes require that all public deposits in financial institutions be fully insured or collateralized by U.S. Government obligations that have a market value of not less than the principal amount of the deposits. The County's deposits were fully insured or collateralized as required by state statutes at June 30, 2023. At year end, the carrying amount of the County's deposits was \$22,672,350 and the respective bank balances totaled \$24,559,124. At June 30, 2023, the County's deposits were fully insured and collateralized according to state law.

4. PROPERTY TAXES

An ad valorem tax is charged each year on each parcel of taxable property and on each taxable vehicle and mobile home located in the County. The tax is assessed to support the State government, County government and County School System. It is based generally on a fixed percentage of the market value multiplied by a millage rate. The market value of the property is determined by the County Board of Assessors and the millage rate is set by the County Commissioners to produce the revenue required to finance the expected expenditures of the County and the School System.

After the taxable value of the property has been established and the millage rate determined, the tax is computed on each property by a private computer service, and a tax bill is prepared for the property owner. The total of these computations, called the tax digest, is submitted to the State of Georgia for approval before the tax bills are mailed to the property owners. These tax bills then become the basis for tax collections and allocations to the State, County and Schools. A list of uncollected taxes is prepared from the bills remaining unpaid at the end of the year.

When taxes are collected, the Tax Commissioner records the cash receipts and allocates the portion collected for the State, County and School System. At periodic intervals, as the tax is collected, remittances are made to the State, County, and School System. During the annual audit a summary of charges and credits is made to determine the amount of tax still due to the State, County and School System and final settlement is made according to the statements.

Taxes are levied on October 1 based upon values fixed at January 1 of the prior year. Taxes are due on December 30 of the tax year.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Adjustments and Additions	Transfers & Disposals	Balance June 30, 2023
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 7,186,103	\$ -	\$ -	\$ 7,186,103
Construction in progress	4,490,990	32,729	-	4,523,719
Total	11,677,093	32,729	-	11,709,822
Capital assets being depreciated				
Roads	21,162,810	1,985,055	-	23,147,865
Buildings	28,757,899	333,736	-	29,091,635
Equipment	8,152,420	887,287	-	9,039,707
Vehicles	6,593,059	246,263	-	6,839,322
	64,666,188	3,452,341	-	68,118,529
Less accumulated depreciation for:				
Roads	(5,085,133)	(578,697)	-	(5,663,830)

Buildings	(10,057,267)	(845,693)	-	(10,902,960)
Equipment	(6,143,362)	(523,961)	-	(6,667,323)
Vehicles	(5,564,967)	(328,162)	-	(5,893,129)
	<u>(26,850,729)</u>	<u>(2,276,513)</u>	-	<u>(29,127,242)</u>
Capital assets being depreciated, net	<u>37,815,459</u>	<u>1,175,828</u>	-	<u>38,991,287</u>
Capital assets, net	<u>\$ 49,492,552</u>	<u>\$ 1,208,557</u>	<u>\$ -</u>	<u>\$ 50,701,109</u>

Depreciation expense was charged to governmental functions as follows:

Governmental activities:

General Government	\$ 290,833
Judicial	1,041
Public Safety	794,275
Public Works	739,790
Culture and recreation	419,426
Housing and development	15,478
Health and Welfare	15,669
	<u>\$ 2,276,512</u>

6. LONG-TERM DEBT

The County has stopped accepting solid waste at its landfill. State and federal laws and regulations require the County to perform certain maintenance and monitoring operations at the landfill site for thirty years after official closure. The County has five years remaining. The estimated cost of all post closure care activities was \$90,521 and is reflected in the general fund on the government-wide financial statements. Because of future changes in technology, laws, or regulations these costs may change.

Changes in long-term debt were as follows:

	Balance			Balance		Due Within
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>1 year</u>	
Compensated absences	\$ 338,874	\$ -	\$ 54,883	\$ 283,991	\$ -	-
Net pension liability	(126,538)	990,035	-	863,497	-	-
Landfill post-closure	72,417	-	18,104	54,313		18,104
	<u>\$ 284,753</u>	<u>\$ 990,035</u>	<u>\$ 72,987</u>	<u>\$ 1,201,801</u>	<u>\$ 18,104</u>	

Long-term compensated absences and the pension liability were estimated to be all long term because there is no reliable methodology to predict a current portion.

Long-term liabilities are liquidated by the General Fund.

Heard County Water Authority

The Heard County Water Authority borrowed \$1,078,000 from USDA for construction of a waste water treatment plant. Interest is at 4.125%. The loan is payable in 456 monthly installments of \$4,685 with the balance due December 5, 2049. The loan is collateralized by the assets of the Authority. The balance of this loan was \$923,099 at June 30, 2023.

The Heard County Water Authority borrowed \$2,500,000 from GEFA for upgrades to water treatment facilities. Interest is at 1.33%. Amortization commences December 22, 2023 and the amount will be paid in 239 monthly installments. The loan is netted with deferred loan costs of \$25,000. The balance of this loan was \$2,335,475 at June 30, 2023.

The Heard County Water Authority borrowed \$4,000,000 from GEFA for upgrades to water treatment facilities. Interest is at 1.72%. Amortization commences at completion and the amount will be paid in 239 monthly installments. The loan is netted with deferred loan costs of \$40,000. The balance of this loan was \$3,760,000 at June 30, 2023.

As of June 30, 2023, the Water Authority had \$119,757 in sinking funds to repay principal and interest as it becomes due. Debt service to maturity for the long term debt was as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 107,991	\$ 62,233	\$ 170,224
2025	109,990	60,234	170,224
2026	112,039	58,185	170,224
2027	114,140	56,084	170,224
2028	116,293	53,931	170,224
2029-2033	615,778	235,342	851,120
2034-2038	678,748	172,372	851,120
2039-2043	674,510	100,644	775,154
2044-2048	239,545	41,855	281,400
2049-2050	77,059	2,398	79,457
	<u>2,846,093</u>	<u>843,278</u>	<u>3,689,371</u>
Loan costs	(24,163)	-	(24,163)
	<u>\$ 2,821,930</u>	<u>\$ 843,278</u>	<u>\$ 3,665,208</u>

Changes in Heard County Water Authority long-term debt were as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>Due Within</u>
					<u>1 year</u>
USDA WWTP Loan	\$ 923,099	\$ -	\$ 18,550	904,549	\$ 19,330
DW2016031	2,360,475	139,525	558,456	1,941,544	88,661
DW2020034	3,800,000	200,000	4,000,000	-	-
Loan cost	(65,000)	-	40,837	(24,163)	-
	<u>7,018,574</u>	<u>339,525</u>	<u>4,617,843</u>	<u>2,821,930</u>	<u>107,991</u>
Lease liability	660	5,641	1,869	4,432	1,847
Deposits payable	211,680	15,513	7,837	219,356	-
Compensated absences	26,427	44,270	45,393	25,304	15,242
	<u>\$ 7,257,341</u>	<u>\$ 404,949</u>	<u>\$ 4,672,942</u>	<u>\$ 3,071,022</u>	<u>\$ 125,080</u>

Heard County Public Facility Authority

During the year the HCPFA issued Series 2023 Bonds in connection with an intergovernmental agreement with the Heard County School District. Under the agreement, the HCPFA issued bonds in the cumulative amount of \$17,400,000 with the proceeds to be spent on school construction. The HCSD agreed to purchase the constructed facilities dollar for dollar on an installment basis. The purchase price is equal to the total cost of the bond issuance. The bonds carry interest rates from 3% to 5% and are payable annually through March 1, 2030. The bonds are secured by the constructed facilities and a special ad valorem tax assessed to repay the bonds.

The bonds were issued at a premium of \$2,878,898 which is being amortized by the interest method over the life of the bonds. \$392,991 was amortized during the year.

Debt service to maturity for the long term debt was as follows

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,605,000	\$ 569,550	\$ 2,174,550
2025	1,690,000	489,300	2,179,300
2026	1,755,000	421,700	2,176,700
2027	1,845,000	333,950	2,178,950
2028-2030	<u>6,025,000</u>	<u>508,350</u>	<u>6,533,350</u>
	<u>\$ 12,920,000</u>	<u>\$ 2,322,850</u>	<u>\$ 15,242,850</u>

Changes in Heard County Public Facilities Authority long-term debt were as follows:

	<u>Balance</u>			<u>Balance</u>		<u>Amounts</u>
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>1 year</u>	<u>Due Within</u>
Series 2020 Bonds	\$ 14,465,000	\$ -	\$ 1,545,000	\$ 12,920,000	\$ 1,605,000	
Premiums	<u>1,690,860</u>	<u>-</u>	<u>392,991</u>	<u>1,297,869</u>	<u>335,478</u>	
	<u>\$ 16,155,860</u>	<u>\$ -</u>	<u>\$ 1,937,991</u>	<u>\$ 14,217,869</u>	<u>\$ 1,940,478</u>	

7. POST-EMPLOYMENT BENEFITS

The County Defined Benefit Plan

Plan Description- The County's defined benefit pension plan, Heard County Pension Plan (HCPP), provided retirement and disability benefits, and death benefits to plan members and beneficiaries. HCPP is affiliated with the Association County Commissioners of Georgia (ACCG) Defined Benefit Plan, an agent multiple-employer public employee retirement plan administered by Government Employee Benefits Corporation of Georgia. The Plan acts as a common investment and administrative agent for participating counties in Georgia. The Public Retirement Systems Standard Law (OCGA 47-20-10) assigns the authority to establish and amend the plan to the County. ACCG issues a financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to ACCG, 1100 Circle 75 Parkway, Suite 300, Atlanta, GA 30339.

Participation- Under the Plan, all full time County employees are eligible to participate after completing three years of service. Benefits vest after five years of service. Participants may retire at age sixty-five with three years of completed service. There is no maximum entry age. Retirement benefits equal 1% of average compensation to \$6,600, plus 1.5% of average compensation in excess of \$6,600, plus \$36 for

each year of service, with total service limited to thirty-five years. Average compensation is based on the five-year period immediately preceding retirement. Membership in the plan as of June 30, 2023 is as follows:

Terminated participants entitled to but not receiving benefits	29
Retirees and beneficiaries	27
Active employees participating in the plan	<u>38</u>
	<u><u>94</u></u>

Funding Policy- HCPP members are required to contribute 5% of their annual covered salary. The County is required to contribute an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the minimum funding standards for state and local governmental pension plans. The County's contributions exceeded the minimum amount. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement. The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish, and amend from time to time the contribution rates for the County and its plan participants.

Contributions- The County contributed \$51,131 and employees contributed \$78,300 during the measurement year. The County's contributions totaled 1.80% of covered payroll of \$1,635,444.

Net Pension Liability: The County's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of return on investments	7.00%
Salary increases	3.50%
Cost of living adjustments	0.00%

The long-term expected rate of return on Plan investments was determined using a building block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Trustees rebalance the portfolio at least annually for asset allocation purposes according to the following guidelines:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Range</u>
Fixed Income	30.00%	25% - 35%
Large Cap Equities	30.00%	25% - 35%
Mid Cap Equities	5.00%	2.5% - 10%
Small Cap Equities	5.00%	2.5% - 10%
REIT	5.00%	2.5% - 10%
International	15.00%	10% - 20%
Multi Cap	5.00%	2.5% - 10%
Global Allocation	5.00%	2.5% - 10%

Discount Rate: Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate is determined through a blend of using a building blocks approach based on 20-year benchmarks (33.33%) and 30-year benchmarks (33.33%), as well as the forward-looking capital market assumptions for a moderate asset allocation (33.34%), as determined by UBS:

Estimated 65th percentile return based on UBS Capital Market Assumptions	6.10%
Five-year performance in excess of benchmarks	<u>0.90%</u>
	<u><u>7.00%</u></u>

Changes in Net Pension Liability: Changes in the Town's net pension liability for the year ended June 30, 2023 were as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances-- 12-31-21	\$ 4,456,188	\$ 4,582,726	\$ (126,538)
Changes for the Year:			
Service cost	107,132	-	107,132
Interest expense	305,348	-	305,348
Experience losses (gains)	3,965	-	3,965
Assumption change	7,456	-	7,456
Contributions--employer	-	51,131	(51,131)
Contributions--employee	-	78,300	(78,300)
Net investment income	-	(649,480)	649,480
Benefit payments	(188,143)	(188,143)	-
Plan administrative expenses	-	(27,072)	27,072
Other changes	-	(19,013)	19,013
Net Changes	<u>235,758</u>	<u>(754,277)</u>	<u>990,035</u>
Balances--12-31-22	<u>\$ 4,691,946</u>	<u>\$ 3,828,449</u>	<u>\$ 863,497</u>

Sensitivity of the Net Pension Liability to Changes in the discount Rate: The following presents the net pension liability calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current rate.

	Discount Rate	Net Pension Liability
1% Increase	8.00%	\$ 423,388
Current Discount Rate	7.00%	\$ 863,497
1% Decrease	6.00%	\$ 1,383,279

Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued Plan financial report.

Pension Expense, Deferred Outflows of Financial resources- For the year ended June 30, 2023, the County recognized pension credit of \$(60,318). At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 785,440	\$ (368,681)
Asset gain/loss	33,558	(97,069)
Liability gain/loss	10,722	-
	<u>\$ 829,720</u>	<u>\$ (465,750)</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	\$ 227,342	\$ (251,184)
2025	209,410	(150,815)
2026	196,608	(63,751)
2027	196,360	-
	<u>\$ 829,720</u>	<u>\$ (465,750)</u>

8. LITIGATION

The County's attorney advises that no legal actions were in progress by or against the County at June 30, 2023 that would have any material effect on the County's financial condition.

9. COMMITMENTS AND CONTINGENCIES

The County is subject to routine audits by Grantor agencies. These audits could result in certain costs being disallowed. To the extent that such disallowances involve expenditures under subcontracted arrangements, the County generally has the right of recovery from such third parties. Management believes that any costs disallowed by grantor reviews or review of sub recipient audits would not be material to these financial statements, and no provision has been made for these items.

The County signed as guarantor of a Head County Water Authority note payable to Georgia Environmental Finance Authority. The amount of the note will be \$2,500,000 when the project is fully funded. At June 30, 2023, the outstanding balance of the loan was \$1,941,544. Should the Water Authority be unable to make the payments on this note, the County will have to make them. No provision has been made in the 2023 financial statements for this contingent liability as management currently does not anticipate having to fulfill this obligation.

10. RISK MANAGEMENT

The Governmental Accounting Standards Board (GASB) issued Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which establishes standard accounting and financial reporting practices for public entity risk pools and governmental entities. The following disclosures are offered in accordance with GASB 10.

The County is exposed to various forms of risk of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with local governments in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association 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 a part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool’s agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with and coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool’s agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

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

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

11. JOINT VENTURE

Under Georgia law, the County, in conjunction with the municipalities and county governments in a thirteen county area, is a member in the Three Rivers Regional Commission (RC) and is required to pay dues thereto. During the year ended June 30, 2023, the County paid \$9,952 in such dues. Membership in the RC is required under O.C.G.A. Section 50-8-34. The RC governing Board included the chief elected official of each county included in the RDC area. Member governments are liable for any debts or obligations incurred by the RC. Separate RC financial statements may be obtained from:

Three Rivers Regional Commission
PO Box 1600
Franklin, GA 30217

12. SPECIAL PURPOSE LOCAL OPTION SALES TAX

The County had one Special Purpose Local Option Tax issues outstanding as of June 30, 2023. The 2012 SPLOST was completed during the year.

Summaries of receipts and expenditures of these issues were as follows:

	Original	Current	Prior	Current	
	<u>Estimated</u>	<u>Estimated</u>	<u>Years</u>	<u>Year</u>	<u>Total</u>
2019 SPLOST					
Expenditures for:					
Administrative projects	\$ 1,412,040	\$ 1,412,040	\$ 305,460	\$ 130,531	\$ 435,991
Judicial projects	250,000	250,000	6,645	-	6,645

E911 projects	250,000	250,000	20,365	-	20,365
Fire-EMS projects	2,000,000	2,000,000	1,074,775	381,937	1,456,712
Parks and recreation projects	375,000	375,000	700,496	319,764	1,020,260
Roads and bridges	6,750,000	6,750,000	1,266,532	2,098,805	3,365,337
Sheriff Department projects	5,500,000	5,500,000	433,645	150,774	584,419
HC Water Authority	1,000,000	1,100,000	754,359	344,379	1,098,738
City of Franklin	1,924,560	2,000,000	1,252,497	704,692	1,957,189
City of Centralhatchee	1,069,200	1,100,000	695,931	391,496	1,087,427
City of Ephesus	1,069,200	1,100,000	695,931	391,496	1,087,427
	<u>\$ 21,600,000</u>	<u>\$ 21,837,040</u>	<u>\$ 7,206,636</u>	<u>\$ 4,913,874</u>	<u>\$ 12,120,510</u>

Roads and bridges paid with grants			407,237	457,663	407,237
Roads and bridges paid with other			127,415	-	127,415
			<u>\$ 7,741,288</u>	<u>\$ 5,371,537</u>	<u>\$ 12,655,162</u>

13. PROPERTY TAX ABATEMENTS

The County uses property tax abatement agreements with businesses who construct new facilities and maintain employment levels within the County of a certain level. During the year, two companies participated in these agreements, and both were negotiated by the Heard County Development Authority.

<u>Company</u>	<u>Agreement Date</u>	<u>Property Taxes</u>
Plasti-Paint Inc.	2007	\$ 20,326

14. INTERFUND TRANSFERS

During the year the General fund made direct purchases related to SPLOST projects. The SPLOST Fund reimbursed the General Fund after year end.

<u>Due From</u>	<u>Due to</u>	
SPLOST	General	<u>\$ 3,133,483</u>

15. EXPENDITURES OVER APPROPRIATIONS

During the year, the County experienced unexpected costs that resulted in expenditures exceeding appropriations in two departments of the General Fund as follows:

Judicial	\$ 20,182
Public Safety	\$ 370,079

HEARD COUNTY, GEORGIA
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2023

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Taxes	\$ 8,604,700	\$ 8,604,700	\$ 11,696,585
Charges for Services	681,250	681,250	893,860
Licenses and Permits	185,300	185,300	218,428
Fines and Forfeitures	180,000	180,000	179,433
Intergovernmental	2,030,000	2,030,000	1,648,618
Interest	-	-	27,735
Other	430,500	430,500	474,345
Total Revenues	12,111,750	12,111,750	15,139,004
Expenditures			
Current			
General government	1,880,570	1,880,570	1,679,910
Judicial	1,090,213	1,090,213	1,110,395
Public safety	6,858,716	6,858,716	7,228,795
Public works	2,145,453	2,145,453	2,011,028
Culture and recreation	854,262	854,262	836,955
Housing and development	254,925	254,925	240,184
Health and welfare	671,314	671,314	643,860
Total Expenditures	13,755,453	13,755,453	13,751,127
Net Change in Fund Balances	(1,643,703)	(1,643,703)	1,387,877
Other Financing Sources (Uses)			
Sale of surplus assets	-	-	-
Transfers—In	-	-	-
Transfers—Out	-	-	-
	(1,643,703)	(1,643,703)	1,387,877
Fund Balances (Deficit) at Beginning	7,382,331	7,382,331	7,382,331
Fund Balances at End of Year	\$ 5,738,628	\$ 5,738,628	\$ 8,770,208

HEARD COUNTY, GEORGIA
Pension Plan
Schedule of changes in Net pension Liability and Related Ratios
Ten Fiscal Years Ended

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 107,132	\$ 122,395	\$ 120,953	\$ 93,413	\$ 93,177	\$ 78,246	\$ 81,047	\$ 84,877	\$ 72,288
Interest	305,348	304,040	282,472	255,221	282,056	271,402	257,079	235,665	225,742
Diff. expected and actual	3,965	(211,267)	101,983	47,686	(515,529)	76,534	(64,903)	(50,908)	-
Changes in assumptions	7,456	7,298	7,414	182,218	92,337	8,450	106,503	134,474	-
Benefit payments	(188,143)	(219,419)	(189,990)	(188,469)	(204,469)	(185,438)	(127,944)	(109,226)	(111,115)
Net change	235,758	3,047	322,832	390,069	(252,428)	249,194	251,782	294,882	186,915
Total liability beginning	4,456,188	4,453,141	4,130,309	3,740,240	3,992,668	3,743,474	3,491,692	3,196,810	3,009,895
Total liability ending	\$ 4,691,946	\$ 4,456,188	\$ 4,453,141	\$ 4,130,309	\$ 3,740,240	\$ 3,992,668	\$ 3,743,474	\$ 3,491,692	\$ 3,196,810
Plan Fiduciary Net Position									
Contributions-Employer	\$ 51,131	\$ 33,216	\$ 71,804	\$ 67,810	\$ 55,447	\$ 115,459	\$ 126,234	\$ -	\$ 110,412
Contributions-Employees	78,300	79,276	89,292	81,372	75,790	74,725	73,204	68,597	68,535
Net investment income	(649,480)	620,532	508,067	646,578	(150,890)	460,414	191,796	19,742	186,576
Benefit payments	(188,143)	(219,419)	(189,990)	(188,469)	(204,469)	(156,838)	(127,944)	(109,226)	(107,099)
Contribution refunds	-	-	-	-	-	(22,113)	-	-	(428)
Other	(27,072)	(50,942)	(26,280)	(28,162)	(18,067)	(21,963)	(29,919)	(23,031)	(19,920)
Administrative expense	(19,013)	(25,498)	(18,237)	(22,878)	(11,791)	(9,491)	(12,852)	(10,177)	(8,826)
Net change	(754,277)	437,165	434,656	556,251	(253,980)	440,193	220,519	(54,095)	229,250
Fiduciary net position beginning	4,582,726	4,145,561	3,710,905	3,154,654	3,408,634	2,968,441	2,747,922	2,802,017	2,572,767
Fiduciary net position ending	\$ 3,828,449	\$ 4,582,726	\$ 4,145,561	\$ 3,710,905	\$ 3,154,654	\$ 3,408,634	\$ 2,968,441	\$ 2,747,922	\$ 2,802,017
Net pension liability ending	\$ 863,497	\$ (126,538)	\$ 307,580	\$ 419,404	\$ 585,586	\$ 584,034	\$ 775,033	\$ 743,770	\$ 394,793
Plan fiduciary net position as a percentage of total pension liability	81.60%	102.84%	93.09%	89.85%	84.34%	85.37%	79.30%	78.70%	87.65%
Covered employee payroll	\$ 1,635,444	\$ 1,844,783	\$ 1,912,114	\$ 1,443,975	\$ 1,410,099	\$ 1,333,251	\$ 1,302,379	\$ 1,414,833	\$ 1,241,177
Plan fiduciary net position as a percentage of covered payroll	52.80%	-6.86%	16.09%	29.05%	41.53%	43.81%	59.51%	52.57%	31.81%

(Historical information prior to implementation of GASB 67/68 is not required)

HEARD COUNTY, GEORGIA
Schedule of Contributions

	2022	2021	2020	2019
Actuarially determined contribution	50,624	33,216	70,458	64,223
Contributions in relation to the actuarially determined contribution	50,624	33,216	71,804	67,810
Contribution deficiency (excess)	-	-	(1,346)	(3,587)
Percentage contributed	100.0%	100.0%	101.9%	105.6%
Covered employee payroll	1,635,444	1,844,783	1,912,114	1,443,975
Contributions as a percentage of covered employee payroll	3.10%	1.80%	3.76%	4.70%
	2018	2017	2016	2015
Actuarially determined contribution	49,726	115,459	126,234	116,001
Contributions in relation to the actuarially determined contribution	52,511	115,459	126,234	-
Contribution deficiency (excess)	(2,785)	-	-	116,001
Percentage contributed	105.6%	100.0%	100.0%	0.0%
Covered employee payroll	1,410,099	1,333,251	1,302,379	1,414,833
Contributions as a percentage of covered employee payroll	3.72%	8.66%	9.69%	0.00%

(Historical information prior to implementation of GASB 67/68 is not required)

Amounts measured on calendar basis.

HEARD COUNTY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For Year Ended June 30, 2023

Budgetary Accounting

The County budgets its operations on an annual basis for the General Fund. The proposed budget is prepared each year by the County Commission. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Heard County. The final proposed budget is presented at a County Commission meeting for final passage prior to June 30. The final budget is adopted at public meeting.

The County prepares its budget on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – presents a comparison of budgetary data to actual results of operations for which annual operating budgets are legally adopted. Revenues are budgeted by source and expenditures are budgeted by department and class as follows: General government, Public Safety, Public works, Culture and Recreation, Housing and Development, and Health and Welfare. This constitutes the legal level of control. General Fund expenditures for capital outlay are budgeted with the respective departments rather than being separately reported. Expenditures may not exceed appropriations at this level except for matching funds required by grantors. All budget revisions at this level are subject to final review by the Commission. Within these control levels, management may transfer appropriations without Commission approval, with the exception of salary amounts.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. There were no outstanding encumbrances at year-end.

Valuation Date

The valuation date used in the Schedule of Contributions is as of January 1 one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions to Determine Contribution Rates

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	Market value at measurement date
Inflation	3%
Salary increases	3.5% average, including inflation
Investment rate of return	7.00%, Net of Plan investment expense, including inflation

Mortality

RP 2000 Combined Mortality Table with Scale AA projection to year 2018

Changes in Assumptions

During the period, there was a change in mortality assumptions from Pub-2010 with Scale AA to 2011 to Pub-2010 with Scale AA to 2022.

Benefit Changes

There were no changes to benefit assumptions during this reporting period.

HEARD COUNTY, GEORGIA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue			
	CDBG Grant	Jail Fund	Drug Abuse Treatment Fund	Inmate Fund
ASSETS				
Cash and Cash Equivalents	\$ 430	\$ 60,037	\$ 33,091	\$ 13,365
Due from other funds	-	-	-	-
Loan receivable	-	-	-	-
Total Assets	430	60,037	33,091	13,365
LIABILITIES				
Accounts payable	-	-	-	10,501
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
FUND BALANCES				
Restricted for public safety	-	60,037	33,091	2,864
Restricted for capital projects	-	-	-	-
Restricted for public works	430	-	-	-
Restricted for public welfare	-	-	-	-
Total Fund Balances	430	60,037	33,091	2,864
Total Liabilities and Fund Balances	\$ 430	\$ 60,037	\$ 33,091	\$ 2,864

HEARD COUNTY, GEORGIA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	<u>Special Revenue</u>		<u>Total Other Governmental Funds</u>
	<u>Seized Assets</u>	<u>Law Library Fund</u>	
ASSETS			
Cash and Cash Equivalents	\$ 21,222	\$ 18,265	\$ 146,410
Due from other funds	-	-	-
	-	-	-
Total Assets	<u>21,222</u>	<u>18,265</u>	<u>146,410</u>
LIABILITIES			
Accounts payable	-	-	10,501
Due to other funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>10,501</u>
FUND BALANCES			
Restricted for public safety	21,222	18,265	135,479
Restricted for capital projects	-	-	-
Restricted for public works	-	-	430
Restricted for public welfare	-	-	-
Total Fund Balances	<u>21,222</u>	<u>18,265</u>	<u>135,909</u>
Total Liabilities and Fund Balances	<u>\$ 21,222</u>	<u>\$ 18,265</u>	<u>\$ 146,410</u>

HEARD COUNTY, GEORGIA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Governmental Funds
For The Year Ended June 30, 2023

	Special Revenue			
	CDBG Grant	Jail Fund	Drug Abuse Treatment Fund	Inmate Fund
Revenues				
Fines and forfeitures	\$ -	\$ 3,845	\$ 3,525	\$ -
Intergovernmental	302,906	-	-	-
Other income	-	34,112	-	130,378
Investment income	-	105	111	-
Total Revenues	302,906	38,062	3,636	130,378
Expenditures				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	20,220	14,159	134,235
Public works	302,906	-	-	-
Culture & recreation	-	-	-	-
Housing & development	-	-	-	-
Health & welfare	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	302,906	20,220	14,159	134,235
Excess (deficiency) of Revenues Over (Under) Expenditures	-	17,842	(10,523)	(3,857)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Net Change in Fund Balances	-	17,842	(10,523)	(3,857)
Fund Balances (Deficit) at Beginning	430	42,195	43,614	6,721
Fund Balances at End of Year	\$ 430	\$ 60,037	\$ 33,091	\$ 2,864

HEARD COUNTY, GEORGIA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Governmental Funds
For The Year Ended June 30, 2023

	<u>Special Revenue</u>		<u>Total Other Governmental Funds</u>
	<u>Seized Assets</u>	<u>Law Library Fund</u>	
Revenues			
Fines and forfeitures	\$ -	\$ 3,070	\$ 10,440
Intergovernmental	-	-	302,906
Other income	-	-	164,490
Investment income	-	-	216
			-
Total Revenues	-	3,070	478,052
Expenditures			
General government	-	-	-
Judicial	-	-	-
Public safety	-	4,817	173,431
Public works	-	-	302,906
Culture & recreation	-	-	-
Housing & development	-	-	-
Health & welfare	-	-	-
Intergovernmental	-	-	-
Capital outlay	12,424	-	12,424
			-
Total Expenditures	12,424	4,817	488,761
Excess (deficiency) of Revenues Over (Under) Expenditures	(12,424)	(1,747)	(10,709)
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	-	-	-
			-
Net Change in Fund Balances	(12,424)	(1,747)	(10,709)
			-
Fund Balances (Deficit) at Beginning	33,646	20,012	146,618
			-
Fund Balances at End of Year	\$ 21,222	\$ 18,265	\$ 135,909

HEARD COUNTY, GEORGIA
Schedule of State Awards Expended
For the Year Ended June 30, 2023

State Program Name	Contract Number	State Received	Federal Revenue	Total Expenditures
DHS HCCP	93-202000094	25,000	-	47,799
DHR Sr. Center		27,434	143,434	324,126
		<u>\$ 52,434</u>	<u>\$ 143,434</u>	<u>\$ 371,925</u>

HEARD COUNTY, GEORGIA
Schedule of Funding Progress
CDBG Grant 20p-y-074-1-6138
Year Ended June 30, 2022

	Grant Budget	Prior Year	Current Year	Total
Revenues				
CDBG Grant	\$ 750,000	\$ 301,938	\$ 302,906	\$ 604,844
Expenditures				
P-001-01	3,000	615	-	615
T-03J-00	51,008	44,847	6,161	51,008
P-03J-01	612,095	220,616	253,980	474,596
P-03K-01	38,897	-	37,465	37,465
A-21A-00	45,000	35,860	5,300	41,160
Water system improvements	750,000	301,938	302,906	604,844

Kim Kimmel
Certified Public Accountant
PO 39
Richland, Georgia 31825

Member:
American Institute of CPAs
Georgia Society of CPAs
Government Audit Quality Center

229-887-2543
229-887-3402 fax
crazycpa@bellsouth.net

**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**

To the Board of Commissioners
Heard County, Georgia

I 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 aggregate discretely presented component units, each major fund, and the remaining aggregate fund information of Heard, County, Georgia as of and for the year ended June 30, 2023 and the related notes to financial statements, which collectively comprise Heard, County, Georgia's basic financial statements and have issued my report thereon dated June 25, 2024

My report includes a reference to other auditors who audited the financial statements of the Heard County Health Department, and the Heard County Water Authority, as described in my report on Heard County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

My consideration of the 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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I identified a deficiency in internal control, described in the accompanying schedule of findings and responses that I consider to be a material weakness. 23-1

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Heard County, Georgia's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Heard County, Georgia's Response to Findings

Heard County, Georgia's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. I did not audit Heard County, Georgia's response and, accordingly, I express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of my 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.

Kim Kimmel CPA

Richland, Georgia
June 25, 2024