

**Worth County, Georgia
Economic Development Authority**

Financial Statements and Supplemental Information

**For the Fiscal Year Ended
June 30, 2021
(With Independent Auditor's Report Thereon)**

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
<u>Basic Financial Statements</u>	
Statement of Net Position – Proprietary Fund	4
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	5
Statement of Cash Flows – Proprietary Fund	6-7
Notes to Financial Statements	8-15
<u>Supplementary Information</u>	
Schedule of Operating Expenses	16
Project Cost Schedule	17
Source and Application of Funds Schedule	18
Report on Compliance and Other Matters and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	19-20
Schedule of Findings and Responses	21
Status of Prior Year Audit Findings	22

Member
American Institute of Certified Public Accountants
Georgia Society of Certified Public Accountants
Private Companies Practice Section

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Worth County Economic Development Authority
Sylvester, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Worth County Economic Development Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Certified Public Accountants and Advisors

111 N. Main Street Post Office Box 589 Sylvester, Georgia 31791 P-(229)776-3311 F-(229)776-9455

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Worth County Economic Development Authority, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management 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 the 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 made for the purpose of forming an opinion on the financial statements that comprise the Worth County Economic Development Authority's basic financial statements. The Schedule of Operating Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Project Cost Schedule and Source and Application of Funds Schedule are presented for additional analysis and are also 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. 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. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2021 on our consideration of the Worth County Economic Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the Worth County Economic Development Authority's internal control over financial reporting and compliance.

Hudson & NeSmith, CPAs

Hudson & NeSmith, CPAs
Sylvester, Georgia
September 13, 2021

**WORTH COUNTY, GEORGIA ECONOMIC DEVELOPMENT AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION – PROPRIETARY FUND
JUNE 30, 2021

Assets

Current:	
Petty Cash	\$ 100
Cash-Checking & Money Market Savings	1,605,679
Total Current Assets	1,605,779
Non-current:	
Capital Assets:	
Buildings	1,264,441
Leasehold Improvements	326,467
Land and Improvements	2,150,860
Construction in Progress	69,536
Furniture, Fixtures & Equipment	45,702
Total Capital Assets	3,857,006
Less Accumulated Depreciation	799,637
Capital Assets, Net	3,057,369
Total Non-current Assets	3,057,369
Total Assets	\$ 4,663,148
Deferred Outflows of Resources:	
None	-

Liabilities

Current:	
Accounts Payable	\$ 2,754
Payroll Taxes Payable	528
Total Current Liabilities	3,282
Total Liabilities	3,282
Deferred Inflows of Resources:	
None	-

Net Position

Net Investment in Capital Assets	3,057,369
Unrestricted	1,602,497
Total Net Position	\$ 4,659,866

The accompanying notes to the financial statements are an integral part of this statement.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Operating Revenues:</u>	
Property Taxes	\$ 317,385
Rental Income	78,000
Total Operating Revenues	<u>395,385</u>
Total Operating Expenses	<u>204,619</u>
Operating Income (Loss)	<u>190,766</u>
<u>Non-Operating Revenues (Expenses):</u>	
Interest Income - Bank	<u>3,236</u>
Total Non-Operating Revenues (Expenses)	<u>3,236</u>
Change in Net Position	194,002
Total Net Position, Beginning of Year	<u>\$ 4,465,864</u>
Total Net Position, End of Year	<u><u>\$ 4,659,866</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from (Used for) Operating Activities

Cash Received from Property Taxes	\$ 317,385
Cash Received from Tenants	78,000
Cash Paid for Goods and Services	(85,518)
Cash Paid to Employees	(66,385)
Net Cash Provided From (Used for) Operating Activities	243,482

Cash Flows from (Used for) Noncapital Financing Activities

None	-
Net Cash Provided From (Used for) Noncapital Financing Activities	-

Cash Flows from (Used for) Capital and Related Financing Activities

Cash Paid for Construction in Progress Capital Expenditures	(69,535)
Net Cash Provided From (Used for) Capital and Related Financing Activities	(69,535)

Cash Flows from (Used for) Investing Activities

Interest	3,236
Net Cash Provided From (Used for) Investing Activities	3,236

Net Increase (Decrease) in Cash and Cash Equivalents

177,183

Cash and Cash Equivalents at Beginning of Year	1,428,596
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Cash and Cash Equivalents at End of Year	\$ 1,605,779
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Cash and Cash Equivalents Consists of the Following:

Petty	100
Checking & Savings	1,605,679
	\$ 1,605,779

The accompanying notes to the financial statements are an integral part of this statement.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUND (CONT.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Reconciliation of Operating Income (Loss) to Net Cash

<u>Provided (Used) by Operating Activities</u>	
Operating Income (Loss)	\$ 190,766
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation Expense	55,046
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	(2,858)
Increase (Decrease) in Payroll Taxes Payable	528
Net Cash Provided From (Used for) Operating Activities	<u>\$ 243,482</u>

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

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. REPORTING ENTITY

The Worth County Economic Development Authority, hereafter the "Authority", was created by an act of the General Assembly of Georgia as a public corporation. The governing authority, or board, of the Authority consists of seven members appointed by the Commissioners of Roads and Revenues of Worth County for four-year terms, with each member rotating off the board at the end of their respective terms. The Authority was created for the purpose of promoting and developing commercial, industrial, and manufacturing enterprises and encouraging employment within the boundaries of Worth County. The Law authorizes the corporation to issue industrial development bonds, to grant or loan money, to lease property, and to borrow money for further expansion and development of commerce within Worth County. The majority of funding is by the Commissioners of Roads and Revenues.

In evaluating the Authority's reporting entity, for financial statement purposes, management determined that no other entities or organizations meet the criteria for inclusion in the Authority's financial statements. In accordance with the applicable guidance, management evaluated whether the Authority is financially accountable for an entity as well as the significance of the relationship. The following criteria were used in this evaluation: the ability of the Authority to appoint a voting majority of the organization's governing body; whether the Authority can impose its will on the organization; whether the organization provides specific financial benefits to or imposes a specific financial burden on the Authority; and whether the organization is fiscally dependent on the Authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

The Authority is operated using the Enterprise Fund accounting of a local governmental unit. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

B. Property, Plant and Equipment, and Long-Term Liabilities

The accounting and reporting treatment applied to property, plant, and equipment, and long-term liabilities associated with a fund are determined by its measurement focus.

All property, plant, and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated property, plant, and equipment are valued at their estimated fair value on the date donated. This includes land acquisition and improvements, buildings, and equipment. The Authority capitalizes all capital assets that have useful lives that extend beyond one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is provided in the Enterprise Funds in amounts sufficient to relate the cost of the depreciable assets, to operations over their estimated service lives on the straight-line basis. Depreciation expense for the year ended June 30, 2021, amounted to \$55,046. The service lives by type of assets are as follows:

Buildings and Improvements	7-40 years
Furniture and Equipment	5-20 years

Long-Term Liabilities, if any, are reflected on the balance sheet for the current amount due at balance sheet date. All short-term portions of liabilities are reflected in the current liabilities section of the balance sheet at their current value.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Authority funds are accounted for using the accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority receives (or gives) value without directly giving (or receiving) equal value in exchange, include taxes, grants, and donations. On an accrual basis, revenue from rental activities is recognized in the fiscal year in which the rent is earned. Revenue from taxes, grants, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

D. Cash and Investments

Georgia law authorizes local governments to invest in the following types of obligations:

1. Obligations of the State of Georgia or of any other states;
2. Obligations issued by the United States;
3. Obligations fully insured or guaranteed by the United States government or governmental agency;
4. Obligations of any corporation of the United States government;
5. Prime banker's acceptances;
6. The local government investment pool established by Code Section 36-83-8;
7. Repurchase agreements; and
8. Obligations of other political subdivisions of the State of Georgia.

Any bank deposit in excess of the total FDIC insured amount must be secured by an equivalent amount of State or U.S. obligations. Investments, if any, are recorded at cost plus accrued interest, which approximates market value.

For the purposes of the statement of cash flows, cash and cash equivalents include all short-term highly liquid investments with original maturities of three months or less. Instruments considered being cash equivalents include: Treasury bills, certificates of deposit, money market funds, and cash management pools.

E. Revenue Recognition

Revenues are recognized when they are earned. Revenues are earned by user fees, interest income on certificates of deposit, notes receivable, and annual tax levy assessed by the Worth County Board of Commissioners of Roads and Revenues. The annual tax levy comprises the majority of the revenues earned by the Authority. This levy is at the discretion of the Commissioners. The Commissioners can decide from year to year to either assess the levy or not assess the levy. Proprietary funds distinguish operating revenues and expenses from non-operating items. Proprietary funds are accounted for under the accrual basis of accounting. Operating revenues and expenses generally result from providing services. The principal operating revenues of the proprietary fund are revenues from taxes. Operating expenses for proprietary funds include administrative and maintenance expenses, utilities, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from these estimates.

G. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used and adjusted for any deferred outflows or deferred inflows of resources 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 Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

NOTE 3. CASH AND CASH EQUIVALENTS

Deposits. At year's end, the carrying amount of the Authority's deposits was \$1,605,679 and the bank balance was \$1,607,629. The entire balance is on deposit with a local bank and is covered by the Federal Depository Insurance Corporation (FDIC), or by collateral held in the pledging financial institution's trust department in the Authority's name.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits (in excess of FDIC insurance) may not be returned to the Authority. As of June 30, 2021, the Authority was exposed to custodial credit risk as follows:

Uninsured (deposits in excess of FDIC insurance) and collateral pooled with other banks participating in the State of Georgia Secure Deposit Program held in the Authority's name - \$1,357,629.

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

The carrying amount for the reporting entity totaling \$1,605,679, excludes \$100 in petty cash, which is not held at a financial institution.

Investments. The Authority has no other investments. All cash is held in either checking or savings accounts. These limit the risk of interest rate fluctuations.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4. PROPERTY AND EQUIPMENT

The Board of Commissioners of Worth County gifted 86 acres of land and all edifices attached to the land to the Worth County Economic Development Authority. The donation was valued at fair market value at the date of the gift in accordance with Generally Accepted Accounting Principles. The amount of the donated property was \$450,000, based on an estimate of related property values. Break down of estimate follows:

Buildings	\$300,000
86 Acres of Land	<u>150,000</u>
	450,000
Less Binder	<u>6,000</u>
	<u><u>\$444,000</u></u>

The donation increased contributed capital by \$444,000.

Land remaining at June 30, 2021 consisted of the following:

Land - BRW (81.802 Acres)	\$142,678
Land - Poulan (2.20 Acres)	1,001
Land - HWY 82 East (197.259 Acres)	1,972,590
Land - HWY 82 East (Site Preparation and Improvements)	<u>34,591</u>
	<u><u>\$2,150,860</u></u>

NOTE 5. INDUSTRIAL DEVELOPMENT BONDS

The Authority acts as a pass-through entity for the issuance of Industrial Development Bonds for industry or businesses in Worth County. The Authority does not directly lend the funds, but acts as a pass-through entity for a third party lending institution. In acting as a pass-through entity, the Authority is not held liable for repayment of the bonds, nor is any recourse action available against the Authority by the lender or borrower. For this reason the amount of the loans would not be reflected on the financial statements.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6. DEFERRED COMPENSATION PLAN

Effective November 3, 1997, the Authority began offering its employees a Deferred Compensation Plan created in accordance with Internal Revenue Code (c) 457. The Plan is administered for the Authority by Nationwide Retirement Solutions. The Plan, Worth County Economic Development Authority Deferred Compensation Program, is a defined contribution plan and is available to all Authority employees who meet the requirements of the Plan permitting them to defer a portion of their salary until future years. The deferred compensation will not be available to employees until termination, retirement, death, or an unforeseeable emergency.

It is the opinion of the Authority that it has no liability for losses under the Plan, but does have a duty of due care that would be required of an ordinary prudent investor. The Authority believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The Authority remits employer and employee contributions directly to the third-party administrator who holds the assets in trust. Investments are managed by the Plan's trustee under the investment options of the Plan. The choice of the investment option(s) is made by the participant.

At the discretion of the board of directors, the employees of the Authority become eligible to participate immediately upon employment and are fully vested upon participation.

The value of funds in the Plan at Fair Market Value on June 30, 2021 was \$3,296. Total contributions to the Plan by the Authority for the year ended June 30, 2021 totaled \$0. The Plan is no longer actively receiving contributions but is being maintained due to having funds received in prior years for a previous employee.

NOTE 7. NET POSITION

No component of the net position of the Worth County Economic Development Authority is restricted.

NOTE 8. RISK MANAGEMENT

The Authority is exposed to various risks related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance which provides coverage for risk of the above losses. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the Authority. The Authority has not reduced its insurance coverage from the prior year. No settlements have exceeded insurance coverage in the past three fiscal years.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9. CONTRIBUTED CAPITAL

The Authority and the City of Sylvester, in joint cooperation, developed the industrial park of the Authority. The funding for this development came from both the Authority and the City of Sylvester along with participation in an economic development grant from the Federal government. The total cost of the project could not be documented from the accounting records of the Authority. For this reason, estimates had to be used to obtain the balance for contributed capital based on the information available. The information available was taken from the recorded minutes taken during the development of the Industrial Park. The following estimates were used.

Total cost of development per minutes dated 02-09-72	\$450,525
Cost paid by the Authority's funds of the above	
amount per minutes dated 02-09-72	<u>109,500</u>
Contributed capital	<u>341,025</u>
Other Property	<u>444,000</u>
	<u>\$785,025</u>

The Authority, in cooperation with the County of Worth, was donated 86 acres of land and buildings for the development of an Industrial Park or industrial site. The property's estimated fair market value at the date of gift was \$450,000 in accordance with Generally Accepted Accounting Principles. Contributed capital increased accordingly in the amount of the estimated value of the property, less \$6,000 placed as a binder previously.

NOTE 10. ECONOMIC DEPENDENCY

The Authority receives a major portion of its revenues from levying property taxes on the assessed value of the county digest. The decision to implement a levy and amount of the levy rests with the Worth County Board of Commissioners. Therefore, the amount of property tax revenue the Authority receives is at the Commissioners' discretion from year to year.

NOTE 11. COMPENSATED ABSENCE

The Authority has no written policy for compensated absences except regarding the Executive Director's vacation time as stated in an employment agreement. After discussion with the Board, employees should take vacation leave in the year it is earned. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with Governmental Accounting Standards, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Payment for sick leave is at the discretion of the board.

NOTE 12. RELATED ORGANIZATIONS

The Worth County Economic Development Authority's governing Board selects management staff, sets user charges, provides financing, establishes budgets, and controls all aspects of the Authority. The County of Worth is a related organization in that it appoints the members of the Board of the Authority and can set millage rates for the collection of tax revenues for funding purposes. The "County" does not hold title to any of the Authority's assets, nor does it have any rights to the Authority's surpluses. The Authority cannot bind the "County" for any debt obligations.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13. TAX COLLECTION

As discussed in Note 10 above, the Authority receives a major portion of its revenue from Worth County property taxes. Taxes for real estate and business personal property are normally due on November 15th of each year. Property taxes attach as an enforceable lien on property as of November 16th. The Authority contracts with the County to bill and collect its property taxes. The Authority's property tax revenues are recognized when received.

NOTE 14. CONTINGENT LIABILITIES

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

Management advised us that no legal actions were in progress by or against the Authority at June 30, 2021 that would have any material effect on the Authority's financial condition.

NOTE 15. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets not being depreciated:				
Land and improvements	\$ 2,150,860	\$ -	\$ -	\$ 2,150,860
Construction in Progress	-	69,535	-	69,535
Total Capital Assets not being depreciated	<u>\$ 2,150,860</u>	<u>\$ 69,535</u>	<u>\$ -</u>	<u>\$ 2,220,395</u>
Capital Assets being depreciated:				
Buildings	\$ 1,264,441	\$ -	\$ -	\$ 1,264,441
Leasehold Improvements	326,467	-	-	326,467
Furniture, Fixtures & Equipment	45,702	-	-	45,702
Total Capital Assets being depreciated	<u>\$ 1,636,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,636,610</u>
Less accumulated depreciation	<u>\$ 744,590</u>	<u>\$ 55,046</u>	<u>\$ -</u>	<u>\$ 799,636</u>
Total Capital Assets being depreciated, Net	<u>1,004,550</u>	<u>(55,046)</u>	<u>-</u>	<u>836,974</u>
Capital Assets, Net	<u>\$ 3,155,410</u>	<u>\$ 14,489</u>	<u>\$ -</u>	<u>\$ 3,057,369</u>

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16. LEASES

The Authority leases one of its real estate warehouses to a commercial business within Worth County. The cost and carrying value of this warehouse is included in capital assets disclosed in Note 15. The future minimum rentals on the non-cancelable lease for the years subsequent to June 30, 2021, are as follows:

<u>Year Ended June 30,</u>	<u>Total Amount</u>
2022	\$ 39,000
Total	<u><u>\$ 39,000</u></u>

NOTE 17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 13, 2021, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE 18. UNCERTAINTIES DUE TO GLOBAL PANDEMIC

The current global pandemic, Coronavirus Disease 2019 (COVID-19), and responses by governments to help control the outbreak are expected to continue to have negative financial impacts on some of the operations of the Authority. The financial impact of this has not been quantified due to the continued uncertainties surrounding impact to the global economy. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the citizens' ability to pay the property taxes and our tenants' ability to pay rental costs. Changes to the operating environment may increase operating costs.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF OPERATING EXPENSES
JUNE 30, 2021

Operating Expenses:	
Accounting and Auditing	\$ 5,475
Advertising	2,722
Chamber Contract	10,560
Consulting Fees	1,939
Depreciation Expense	55,046
Dues & Subscriptions	3,278
Employee Benefits	8,249
GRAD Ready Renewal	18,591
Insurance	8,368
Legal	4,475
Marketing	-
Miscellaneous	-
Office Supplies	1,304
Payroll Taxes	5,724
Repairs & Maintenance	7,124
Seminars & Education Expense	1,000
Surveying & Engineering	-
Telephone	4,709
Travel and Training	1,800
Utilities	7,518
Wages & Salaries	52,940
Website Development & Maintenance	3,797
Total Operating Expenses	<u>\$ 204,619</u>

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
ONEGEORGIA AUTHORITY EQUITY GRANT PROGRAM
PROJECT COST SCHEDULE
20gq-159-3-5013
FOR THE YEAR ENDED JUNE 30, 2021

<u>Program Activity</u>	<u>Activity Number</u>	<u>Latest Approved Budget</u>	<u>Accumulative Expenditures To Date</u>	<u>Accumulative Expenditures To Date (Other Funds)</u>	<u>Grand Total Expenditures To Date</u>	<u>Questioned Costs</u>
Sewer	G70-1402-1	\$ 500,000	\$ -	\$ 69,788	\$ 69,788	\$ -
Total		<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 69,788</u>	<u>\$ 69,788</u>	<u>\$ -</u>

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
ONEGEORGIA AUTHORITY EQUITY GRANT PROGRAM
SOURCE AND APPLICATION OF FUNDS SCHEDULE
20gq-159-3-5013
FOR THE YEAR ENDED JUNE 30, 2021
(Cumulative)

Total Program Year 2020 OneGeorgia Authority Equity Funds Awarded to Recipient	\$	500,000
Less: Deobligations		<u>-</u>
Net Program Year 2020 Funds Allocated to Recipient		<u>500,000</u>
Less: Total Program Year 2020 OneGeorgia Authority Equity Funds Drawn Down by Recipient	\$	<u>-</u>
Funds Still Available from Program Year 2020 Resources	\$	<u><u>500,000</u></u>
Total Program Year 2020 OneGeorgia Authority Equity Funds Drawn and Received by Recipient	\$	-
Local Matches and Other Receipts		<u>69,788</u>
Total Receipts Available for Program Year 2020 Costs		<u>69,788</u>
Less: Funds Applied and Expended to Program Year 2020 Costs		<u>-</u>
Total Program Year 2020 Funds Held by Recipient	\$	<u><u>-</u></u>

Member

American Institute of Certified Public Accountants

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Private Companies Practice Section

**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 Directors

Worth County Economic Development Authority

Sylvester, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Worth County Economic Development Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Worth County Economic Development Authority's basic financial statements, and have issued our report thereon dated September 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Worth County Economic Development Authority's internal control over financial reporting (internal control) to determine the 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 Worth County Economic Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Worth County Economic Development Authority'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses. We consider the deficiency described in Item 2021-01 in the accompanying schedule of findings and responses to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Worth County Economic Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Worth County Economic Development Authority's Response to Finding

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Hudson & NeSmith, CPAs". The signature is written in a cursive, flowing style.

Hudson & NeSmith, CPAs
Sylvester, Georgia
September 13, 2021

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Worth County Economic Development Authority.
2. One material weakness was disclosed during the audit of the basic financial statements as reported in the "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*." Item 2021-01 is considered to be a material weakness.
3. No instance of noncompliance, material to the basic financial statements of the Worth County Economic Development Authority, was disclosed during the audit.

FINDINGS – FINANCIAL STATEMENT AUDIT

1. Deficiency in Internal Control

PRIOR PERIOD AND CURRENT PERIOD CONDITION

2021-01 Lack of Segregation of Duties

Conditions – Accounting staff perform duties that are conflicting from an internal control perspective. Overlapping of duties exists in accounting activities, particularly in the area of cash receipting. One staff member receipts and disburses cash, performs bank reconciliations, and prepares financial statements.

Criteria – A single employee should not complete all phases of transactions.

Cause of Condition – The Authority has a limited number of personnel.

Effect – Inadequate segregation of duties presents a risk of unauthorized use of assets occurring and not being detected within a timely period. Internal control over revenue receipting could be circumvented whereby allowing funds to be misappropriated.

Recommendation – While it is not always cost beneficial or practical to have proper segregation of duties, management and the Authority should implement compensating controls which may include continual supervision of employees, rotation of employee duties and periodic internal reviews of receipts and disbursements by members of the Board of Directors or others not directly involved in the daily operations of the specific functions being reviewed.

Management's Response – The Authority is limited to the hiring of additional personnel due to budget constraints. The Authority compensates for this deficiency with policies and procedures that include increased oversight by the Board of Directors and, additionally, an annual audit of its financial statements.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Audit Reference Number</u>	<u>Status</u>
2020-01	Uncorrected, re-cited as 2021-01 in the attached Schedule of Findings and Responses