

**Worth County, Georgia
Economic Development Authority**

Financial Statements and Supplemental Information

**For the Fiscal Year Ended
June 30, 2024
(With Independent Auditor's Report Thereon)**



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**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2024**

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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, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2024, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Worth County Economic Development Authority'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.

Certified Public Accountants and Advisors

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Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Worth County Economic Development Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Worth County Economic Development Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the Management 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 November 8, 2024 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.

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
November 8, 2024

**WORTH COUNTY, GEORGIA ECONOMIC DEVELOPMENT AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION – PROPRIETARY FUND
JUNE 30, 2024

Assets

Current:	
Petty Cash	\$ 100
Cash-Checking & Money Market Savings	1,739,492
Lease Receivable - Current Portion	85,694
Total Current Assets	1,825,286
Non-current:	
Capital Assets:	
Buildings	1,264,441
Leasehold Improvements	326,467
Land and Improvements	2,889,638
Furniture, Fixtures & Equipment	45,702
Total Capital Assets	4,526,248
Less Accumulated Depreciation	979,552
Capital Assets, Net	3,546,696
Lease Receivable - Non Current Portion	81,126
Total Non-current Assets	3,627,822
Total Assets	\$ 5,453,108

Deferred Outflows of Resources:

None -

Liabilities

Current:	
Accrued Salaries Payable	\$ 1,110
Payroll Taxes Payable	1,012
Total Current Liabilities	2,122
Total Liabilities	2,122

Deferred Inflows of Resources:

Lease Revenue 166,820

Net Position

Net Investment in Capital Assets	3,546,696
Unrestricted	1,737,470
Total Net Position	\$ 5,284,166

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

<u>Operating Revenues:</u>	
Property Taxes	\$ 327,566
Rental Income	12,613
	340,179
Total Operating Revenues	340,179
Total Operating Expenses	387,639
Operating Income (Loss)	(47,460)
<u>Non-Operating Revenues (Expenses):</u>	
Interest Income - Bank	21,694
Total Non-Operating Revenues (Expenses)	21,694
Change in Net Position	(25,766)
Total Net Position, Beginning of Year	\$ 5,309,932
Total Net Position, End of Year	\$ 5,284,166

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See independent auditor's report.
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, 2024

<u>Cash Flows from (Used for) Operating Activities</u>	
Cash Received from Property Taxes	\$ 327,566
Cash Received from Tenants	12,613
Cash Paid for Goods and Services	(246,203)
Cash Paid to Employees	<u>(74,262)</u>
Net Cash Provided From (Used for) Operating Activities	<u>19,714</u>
 <u>Cash Flows from (Used for) Noncapital Financing Activities</u>	
None	<u>-</u>
Net Cash Provided From (Used for) Noncapital Financing Activities	<u>-</u>
 <u>Cash Flows from (Used for) Capital and Related Financing Activities</u>	
None	<u>-</u>
Net Cash Provided From (Used for) Capital and Related Financing Activities	<u>-</u>
 <u>Cash Flows from (Used for) Investing Activities</u>	
Interest Received	<u>21,694</u>
Net Cash Provided From (Used for) Investing Activities	<u>21,694</u>
 <u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	
	41,408
Cash and Cash Equivalents at Beginning of Year	<u>1,698,184</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,739,592</u></u>
 Cash and Cash Equivalents Consists of the Following:	
Petty	100
Checking & Savings	<u>1,739,492</u>
	<u><u>\$ 1,739,592</u></u>

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See independent auditor's report.
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, 2024

Reconciliation of Operating Income (Loss) to Net Cash

<u>Provided (Used) by Operating Activities</u>	
Operating Income (Loss)	\$ (47,460)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation Expense	69,822
Changes in Assets and Liabilities:	
(Increase) Decrease in Lease Receivable	(166,820)
Increase (Decrease) Accrued Salaries Payable	(761)
Increase (Decrease) Payroll Taxes Payable	(1,887)
Increase (Decrease) Deferred Inflows of Resources	166,820
Net Cash Provided From (Used for) Operating Activities	\$ 19,714

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See independent auditor's report.
The accompanying notes to the financial statements are an integral part of this statement.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 operates 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, 2024, amounted to \$69,822. 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, 2024

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. The 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 to be 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 Authority-owned building rents, interest income on bank deposits, 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, 2024

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 \$1,739,492 and the bank balance was \$1,741,437. 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 a multiple financial institution collateral pool administered by the State of Georgia.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits (in excess of federal depository insurance) may not be returned to the Authority. As of June 30, 2024, 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 - \$1,491,437.

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

The carrying amount for the reporting entity totaling \$1,739,492, 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, 2024

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. A 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, 2024 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)	34,591
Land - HWY 82 East (Sewer Improvement)	<u>738,778</u>
	<u><u>\$2,889,638</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, 2024

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, 2024 was \$1,740. Total contributions to the Plan by the Authority for the year ended June 30, 2024 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 the 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.

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.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9. CONTRIBUTED CAPITAL - Continued

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, received a donation of 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" also provides office space to the Authority at no charge. 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.

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.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14. LEASE RECEIVABLE

The Authority has entered into an agreement with an agricultural product retailer for the use of certain warehouse space and office facilities for the primary purpose of storing and selling agriculture products, equipment and supplies in the course of its normal business activities. The terms of this agreement include a fixed annual guaranteed payment of \$7,500 per month (“base rent”) to the Authority. This lease commenced on May 9, 2024 with a term of 2 years, with the right to renew the term of the lease for up to three consecutive 12-month renewal term periods. Except as provided in the original lease terms, the renewal terms will be based on the same terms and conditions as the initial lease term.

The Authority implemented GASBS No. 87 for the year ended June 30, 2024 and used the fixed annual guaranteed payment schedule in the May 9, 2024 lease agreement to measure the lease receivable as of May 9, 2024. In addition, the lease receivable was discounted to a net present value at the May 9, 2024 lease agreement using a 3.37% interest rate, the estimated incremental borrowing rate of Authority.

An initial lease receivable of \$179,433 and a deferred inflow of resources of \$179,433 was recognized. During the current period, lease revenue of \$12,613 and interest income of \$0 (due to the timing of the lease payments) were recognized. At June 30, 2024 the lease receivable balance is \$166,820, with \$85,694 considered a current asset. At June 30, 2024 the deferred inflow of resources related to this lease is \$166,820 and is being amortized over the term of the lease.

The future minimum lease payments expected to be received are as follows:

	Principal	Interest	Total
For the year ended June 30, 2025	\$ 85,694	\$ 4,306	\$ 90,000
For the year ended June 30, 2026	81,126	1,373	82,499
	\$ 166,820	\$ 5,679	\$ 172,499

NOTE 15. RELATED PARTY TRANSACTIONS

The Authority obtains insurance through a local independent insurance agency that is owned by a member of the Authority’s board of directors. Insurance coverage was obtained through a competitive award and negotiation process, and, in the opinion of management, the coverage obtained was the most favorable to the Authority. During the fiscal year ended June 30, 2024, the Authority paid the insurance agency and/or insurance companies that it represents a total of \$16,358.

The Authority contracts lawn care and landscaping service of its administrative office to a local company that is owned by a member of the Authority’s board of directors. Lawn care and landscaping services were obtained through a competitive award and negotiation process, and, in the opinion of management, the services were the most reasonable and adequate for the maintenance of the grounds of the administrative office. During the fiscal year ended June 30, 2024, the Authority paid the landscaping company a total of \$4,380.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets not being depreciated:				
Land and improvements	\$ 2,889,638	\$ -	\$ -	\$ 2,889,638
Construction in Progress	-	-	-	-
Total Capital Assets not being depreciated	<u>\$ 2,889,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,889,638</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>\$ 909,730</u>	<u>\$ 69,822</u>	<u>\$ -</u>	<u>\$ 979,552</u>
Total Capital Assets being depreciated, Net	<u>1,004,550</u>	<u>(69,822)</u>	<u>-</u>	<u>657,058</u>
Capital Assets, Net	<u>\$ 3,894,188</u>	<u>\$ (69,822)</u>	<u>\$ -</u>	<u>\$ 3,546,696</u>

NOTE 17. 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, 2024 that would have any material effect on the Authority's financial condition.

NOTE 18. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 8, 2024, 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.

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF OPERATING EXPENSES
JUNE 30, 2024

Operating Expenses:	
Accounting and Auditing	\$ 5,700
Advertising	2,715
Chamber Contract	15,560
Construction Consultant	2,500
Depreciation Expense	69,822
Dues & Subscriptions	4,250
Employee Benefits	9,432
Insurance	19,954
Legal	16,350
Marketing	3,345
Miscellaneous	1,534
Office Supplies	3,312
Payroll Taxes	4,233
Repairs & Maintenance	130,017
Seminars & Education Expense	7,319
Survey Expense	4,385
Telephone	6,890
Travel and Training	1,229
Utilities	16,606
Wages & Salaries	57,949
Website Development & Maintenance	4,537
Total Operating Expenses	<u>\$ 387,639</u>

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
ONEGEORGIA AUTHORITY EQUITY GRANT PROGRAM
PROJECT COST SCHEDULE
20gq-159-3-5013
FOR THE YEAR ENDED JUNE 30, 2024

<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-I	\$ 500,000	\$ 500,000	\$ 259,119	\$ 759,119	\$ -
Total		<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 259,119</u>	<u>\$ 759,119</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, 2024
(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>500,000</u>
Funds Still Available from Program Year 2020 Resources	\$	<u><u>-</u></u>
Total Program Year 2020 OneGeorgia Authority Equity Funds Drawn and Received by Recipient	\$	500,000
Local Matches and Other Receipts		<u>259,119</u>
Total Receipts Available for Program Year 2020 Costs		<u>759,119</u>
Less: Funds Applied and Expended to Program Year 2020 Costs	\$	<u>500,000</u>
Total Program Year 2020 Funds Held by Recipient	\$	<u><u>-</u></u>

Hudson & NeSmith, CPAs

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Private Companies Practice Section*

John A. NeSmith, Jr., CPA

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, 2024, 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 November 8, 2024.

Report on 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 2024-01 in the accompanying schedule of findings and responses to be a material weakness.

Certified Public Accountants and Advisors

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Report on 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.



Hudson & NeSmith, CPAs
Sylvester, Georgia
November 8, 2024

WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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 2024-01 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

2024-01 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, 2024

<u>Audit Reference Number</u>	<u>Status</u>
2023-01	Uncorrected, re-cited as 2024-01 in the attached Schedule of Findings and Responses