

**Worth County, Georgia**  
**Economic Development Authority**

**Report on Audit of Financial Statements  
And Supplemental Information**

**For the Fiscal Year  
Ended June 30, 2017**

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**

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**JUNE 30, 2017**

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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, 2017, 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

### **Certified Public Accountants and Consultants**

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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.

### ***Opinions***

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, 2017, 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 October 21, 2017 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  
October 21, 2017

**WORTH COUNTY, GEORGIA ECONOMIC DEVELOPMENT AUTHORITY  
BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION – PROPRIETARY FUND**  
**JUNE 30, 2017**

**Assets**

Current:	
Petty Cash	\$ 100
Cash-Checking & Savings	727,416
Note Receivable	12,145
Total Current Assets	739,661
Non-current:	
Capital Assets:	
Buildings	1,415,864
Leasehold Improvements	40,207
Land and Improvements	2,383,662
Furniture, Fixtures & Equipment	45,702
Total Capital Assets	3,885,435
Less Accumulated Depreciation	654,167
Capital Assets, Net	3,231,268
Total Non-current Assets	3,231,268
<b>Total Assets</b>	<b>\$ 3,970,929</b>

Deferred Outflows of Resources:  
None

-

**Liabilities**

Current:	
Payroll Liabilities	\$ 3,576
Notes Payable, Current Portion	12,145
Total Current Liabilities	15,721
<b>Total Liabilities</b>	<b>15,721</b>

Deferred Inflows of Resources:  
None

-

**Net Position**

Net Investment in Capital Assets	3,231,268
Unrestricted	723,940
<b>Total Net Position</b>	<b>\$ 3,955,208</b>

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

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION – PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Operating Revenues:**

Property Taxes	\$ 295,212
Rental Income	89,621
<b>Total Operating Revenues</b>	<b>384,833</b>

<b>Total Operating Expenses</b>	<b>181,803</b>
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Operating Income (Loss)	203,030
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**Non-Operating Revenues (Expenses):**

Interest Income - Bank	753
Interest Income - OneGeorgia Note Receivable	1,388
Interest Expense	(1,388)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>753</b>

Change in Net Position	203,783
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Total Net Position, Beginning of Year	\$ 3,751,425
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Total Net Position, End of Year	\$ 3,955,208
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The accompanying notes are an integral part of these financial statements.



**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b><u>Cash Flows from (Used for) Operating Activities</u></b>	
Cash Received from Property Taxes	\$ 295,212
Cash Received from Tenants	89,621
Cash Paid for Goods and Services	(66,278)
Cash Paid to Employees	(60,960)
Net Cash Provided From (Used for) Operating Activities	257,595
<b><u>Cash Flows from (Used for) Noncapital Financing Activities</u></b>	
Principle Paid on OneGeorgia Note Payable	(31,880)
Interest Paid on OneGeorgia Note Payable	(1,388)
Net Cash Provided From (Used for) Noncapital Financing Activities	(33,268)
<b><u>Cash Flows from (Used for) Capital and Related Financing Activities</u></b>	
Cash Paid for Land Improvements	(225,481)
Net Cash Provided From (Used for) Capital and Related Financing Activities	(225,481)
<b><u>Cash Flows from (Used for) Investing Activities</u></b>	
Principle from Note Receivable	31,880
Interest	2,141
Net Cash Provided From (Used for) Investing Activities	34,021
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	32,867
Cash and Cash Equivalents at Beginning of Year	694,649
Cash and Cash Equivalents at End of Year	\$ 727,516
Cash and Cash Equivalents Consists of the Following:	
Petty	100
Checking & Savings	727,416
	\$ 727,516

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

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUND (CONT.)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Reconciliation of Operating Income (Loss) to Net Cash**

**Provided (Used) by Operating Activities**

Operating Income (Loss)	203,030
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation Expense	50,946
Changes in Assets and Liabilities:	
Payroll Liabilities	3,619
Net Cash Provided From (Used for) Operating Activities	\$ 257,595
Supplemental Disclosure:	
Interest Paid	\$ 1,388

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

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 in accordance with GASB Statement 14, 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.

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Property, Plant and Equipment, and Long-Term Liabilities – Continued**

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, 2017 amounted to \$50,946. 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.

**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.

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

D. Cash and Investments - Continued

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 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.

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.

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 3. CASH AND CASH EQUIVALENTS**

Deposits. At year's end, the carrying amount of the Authority's deposits was \$727,416 and the bank balance was \$853,618. The entire balance is on deposit with local banks 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, 2017, the Authority was exposed to custodial credit risk as follows:

Uninsured (deposits in excess of FDIC insurance) and collateral held by pledging bank's trust department or agent in the Authority's name - \$599,863

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

The carrying amount for the reporting entity totaling \$727,416, 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.

**NOTE 4. NOTE RECEIVABLE**

The Authority used the proceeds from the OneGeorgia Authority's note payable to help fund a local business's expansion of its operations in order to increase the business's job base. This program is part of the equity grant fund that the OneGeorgia Authority offers to rural communities to help fund economic development.

Under the terms of this note receivable, the payments will mirror the Authority's repayment of the OneGeorgia note payable. The balance of the note receivable due to the Authority as of June 30, 2017 was \$12,145. This amount is equal to the note payable amount to the OneGeorgia Authority.

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 5. 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, 2017 consisted of the following:

Land - BRW (86 Acres)	\$150,000
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>260,071</u>
	<u><u>\$2,383,662</u></u>

**NOTE 6. 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, 2017**

**NOTE 7. NOTES PAYABLE**

Notes Payable consists of a note payable to the OneGeorgia Authority that is a part of the equity grant fund that the OneGeorgia Authority offers to rural communities to help fund economic development.

The following is a summary of long-term debt for the Authority for the year ended June 30, 2017:

<u>Business-Type Activities</u>	<u>7/1/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2017</u>	<u>Amounts Due Within One Year</u>
Note Payable, \$125,000 due in quarterly installments of \$3,620 at 3.0% interest maturing June, 2018.	\$ 44,025	\$ -	\$ 31,880	\$ 12,145	\$ 12,145
Total Notes Payable	<u>\$ 44,025</u>	<u>\$ -</u>	<u>\$ 31,880</u>	<u>\$ 12,145</u>	<u>\$ 12,145</u>

The annual requirements to amortize the note payable including interest, as of June 30, 2017, are as follows:

<u>Year Ended June 30,</u>	<u>Principle Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2018	12,145	229	12,374
	<u>\$ 12,145</u>	<u>\$ 229</u>	<u>\$ 12,374</u>



**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 8. 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, 2017 was \$56,697. Total contribution to the Plan by the Authority for the year ended June 30, 2017 totaled \$0.

**NOTE 9. NET POSITION**

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

**NOTE 10. 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, 2017**

**NOTE 11. 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 12. 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 County Commissioners. Therefore, the amount of property tax revenue the Authority receives is at the Commissioners' discretion from year to year.

**NOTE 13. 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 the provisions of Statement of Governmental Accounting Standards No. 16, *Accounting for Compensated Absences*, 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.

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE 14. 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.

**NOTE 15. TAX COLLECTION**

As discussed in Note 12 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 December 20<sup>th</sup> of each year. Property taxes attach as an enforceable lien on property as of December 21<sup>th</sup>. The Authority contracts with the County to bill and collect its property taxes. The Authority's property tax revenues are recognized when levied.

**NOTE 16. 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, 2017 that would have any material effect on the Authority's financial condition.

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 17. CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>				
Capital Assets not being depreciated:				
Land and improvements	\$ 2,158,182	\$ 225,480	\$ -	\$ 2,383,662
Capital Assets being depreciated:				
Buildings	1,415,864	-	-	1,415,864
Leasehold Improvements	40,207	-	-	40,207
Furniture, Fixtures & Equipment	45,702	-	-	45,702
Total Capital Assets being depreciated	<u>\$ 1,501,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,501,773</u>
Less accumulated depreciation	<u>603,221</u>	<u>50,946</u>	<u>-</u>	<u>654,167</u>
Total Capital Assets being depreciated, Net	<u>1,004,550</u>	<u>(50,946)</u>	<u>-</u>	<u>847,606</u>
Capital Assets, Net	<u>\$ 3,162,732</u>	<u>\$ 174,534</u>	<u>\$ -</u>	<u>\$ 3,231,268</u>

**NOTE 18. RELATED PARTY TRANSACTION**

The Authority obtains insurance through an 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, 2017, the Authority paid the insurance agency \$6,307 for insurance coverage.

**NOTE 19. SUBSEQUENT EVENTS**

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through October 21, 2017, the date the financial statements were available to be issued.

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**SCHEDULE OF OPERATING EXPENSES**  
**JUNE 30, 2017**

Operating Expenses:	
Accounting	\$ 3,600
Advertising	464
Chamber Contract	5,560
Depreciation Expense	50,946
Dues & Subscriptions	3,937
Employee Benefits	8,481
Insurance	10,266
Legal	975
Office Supplies	397
Payroll Taxes	4,014
Repairs & Maintenance	21,438
Seminars & Education Expense	5,000
Telephone	3,423
Utilities	10,619
Wages & Salaries	52,083
Website Maintenance	600
Total Operating Expenses	<u>\$ 181,803</u>

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**ONEGEORGIA AUTHORITY EQUITY GRANT PROGRAM**  
**PROJECT COST SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Recipient: **Worth County Economic Development Authority**

Grant #: **07gq-159-3-4409**

For the Period Ending: **June 30, 2017**

<u>Program Activity</u>	<u>Activity Number</u>	<u>Latest Approved Budget</u>	<u>Accumulated Expenditures to Date</u>	<u>Accumulative Expenditures to Date (Other Funds)</u>	<u>Grand Total of Expenditures to Date</u>	<u>Questioned Costs</u>
Business Financing	L70-1201-01	\$ 125,000	\$ 125,000	\$ -	\$ 125,000	\$ -
Total		<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ -</u>

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**ONEGEORGIA AUTHORITY EQUITY GRANT PROGRAM**  
**SOURCE AND APPLICATION OF FUNDS SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Worth County Economic Development Authority**

Recipient Name

**07gq-159-3-4409**

Grant Number

For the Period Ending: **June 30, 2017**  
(Cumulative)

I. Total Fiscal Year 2008 OneGeorgia Authority Equity Loan Funds Awarded to Recipient:		\$ 125,000
II. Total Amount Drawdown by Recipient from OneGeorgia: from Program Year 2008:		125,000
III. Less: Funds Expended by Recipient:		<u>125,000</u>
IV. Amount of Fiscal Year 2008 Funds held by Recipient:		<u>\$ -</u>
V. Funds Still Available from Program Year 2008		<u>\$ -</u>

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**ONEGEORGIA AUTHORITY EQUITY GRANT PROGRAM**  
**PROJECT COST SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Recipient: **Worth County Economic Development Authority**

Grant #: **09gq-159-3-4539**

For the Period Ending: **June 30, 2017**

<u>Program Activity</u>	<u>Activity Number</u>	<u>Latest Approved Budget</u>	<u>Accumulated Expenditures to Date</u>	<u>Accumulative Expenditures to Date (Other Funds)</u>	<u>Grand Total of Expenditures to Date</u>	<u>Questioned Costs</u>
Land Acquisition	G70-1001-01	\$ 500,000	\$ 500,000	\$ 1,545,900	\$ 2,045,900	\$ -
Total		<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 1,545,900</u>	<u>\$ 2,045,900</u>	<u>\$ -</u>



**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**ONEGEORGIA AUTHORITY EQUITY GRANT PROGRAM**  
**SOURCE AND APPLICATION OF FUNDS SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Worth County Economic Development Authority**

Recipient Name

**09gq-159-3-4539**

Grant Number

For the Period Ending: **June 30, 2017**  
(Cumulative)

I. Total Fiscal Year 2010 OneGeorgia Authority Equity Program Funds Awarded to Recipient:	\$	500,000
II. Total Amount Drawdown by Recipient from OneGeorgia: from Program Year 2010:		500,000
III. Less: Funds Expended by Recipient:		<u>500,000</u>
IV. Amount of Fiscal Year 2010 Funds held by Recipient:	\$	<u><u>-</u></u>
V. Funds Still Available from Program Year 2010	\$	<u><u>-</u></u>

Member

*American Institute of Certified Public Accountants**Georgia Society of Certified Public Accountants**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, 2017, 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 October 21, 2017.

**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

**Certified Public Accountants and Consultants**

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and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses. We consider the deficiency described in Item 2017-01 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.

*Hudson & NeSmith, CPAs*

Hudson & NeSmith, CPAs  
Sylvester, Georgia  
October 21, 2017

**WORTH COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 2017-01 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**

**2017-01 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, 2017**

<b><u>Audit Reference Number</u></b>	<b><u>Status</u></b>
2007-01	Uncorrected, re-cited as 2017-01 in the attached Schedule of Findings and Responses