

LEE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

LEE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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LEE COUNTY, GEORGIA
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LIST OF PRINCIPAL OFFICIALS

LEE COUNTY BOARD OF COMMISSIONERS

Billy Mathis, Chairman (District 3)

Rick Muggridge, Vice-Chairman (District 4)

John Wheaton, Commissioner (District 1)

Luke Singletary, Commissioner (District 2)

George Walls, Commissioner (District 5)

COUNTY STAFF

Christy Dockery, County Manager

Kaitlyn Sawyer, County Clerk

Heather Jones, Finance Director

COUNTY ATTORNEY

Jimmy Skipper

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

**Board of Commissioners
of Lee County, Georgia
Leesburg, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Lee County, Georgia** (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Lee County, Georgia'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 opinions on these financial statements based on our audit. We did not audit the financial statements of the Lee County Board of Health which represent 4% of the assets and deferred outflows of resources, (4%) of the net position, and 20% of the revenues of the aggregate discretely presented component units, or the Lee County Development Authority which represents 40% of the assets, 41% of the fund balance, and 6% of the revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lee County Board of Health and the Lee County Development Authority, is based solely on the report of the other auditors. 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 opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lee County, Georgia as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15, the County implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, as of July 1, 2020. This standard significantly changed the accounting for the County’s activities previously reported as agency funds. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the County’s Net Pension Liability and Related Ratios (on page 51), and the Schedule of County Contributions (on page 52), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lee County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia Annotated ("O.C.G.A.") §48-8-121, and the schedule of transportation special purpose local option sales tax, as required by the O.C.G.A. §48-8-260 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of the County.

The combining and individual nonmajor fund financial statements and schedules, schedules of expenditures of special purpose local option sales tax proceeds, and schedule of expenditures of transportation special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, the schedule of expenditures of transportation special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are 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 January 17, 2022 on our consideration of Lee County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lee County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
January 17, 2022

LEE COUNTY, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Board of Health	Utilities Authority
ASSETS					
Cash and cash equivalents:	\$ 11,527,185	\$ 7,679	\$ 11,534,864	\$ 741,215	\$ 2,488,375
Investments	18,291,593	-	18,291,593	-	-
Accounts receivable, net	632,051	18,256	650,307	-	87,859
Property tax receivable	119,721	-	119,721	-	-
Interfund balances	(2,386)	2,386	-	-	-
Due from primary government	-	-	-	17,571	22,248
Due from other governments	1,096,281	-	1,096,281	51,765	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	339,601
Investments	-	-	-	-	856,550
Capital assets:					
Nondepreciable	7,108,857	163,000	7,271,857	-	678,517
Depreciable	79,530,247	-	79,530,247	32,262	16,935,448
Total assets	118,303,549	191,321	118,494,870	842,813	21,408,598
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	-	-	106,254
Pension items	1,104,775	-	1,104,775	163,043	58,941
OPEB items	-	-	-	79,680	-
Total deferred outflows of resources	1,104,775	-	1,104,775	242,723	165,195
LIABILITIES					
Accounts payable	827,926	16,149	844,075	43,887	317,500
Due to other governments	49,899	-	49,899	-	-
Due to component unit	22,248	-	22,248	-	-
Accrued liabilities	496,647	2,832	499,479	-	252,264
Unearned revenue	2,943,797	-	2,943,797	-	11,990
Customer deposits	-	-	-	-	593,448
Claims payable	216,830	-	216,830	-	-
Notes payable, due within one year	-	-	-	-	45,664
Notes payable, due in more than one year	-	-	-	-	606,867
Capital leases payable, due within one year	212,004	-	212,004	-	-
Capital leases, due in more than one year	438,040	-	438,040	-	-
Bonds payable, due within one year	-	-	-	-	1,194,600
Bonds payable, due in more than one year	-	-	-	-	14,727,856
Compensated absences, due within one year	365,474	2,887	368,361	6,841	24,454
Compensated absences, due in more than one year	678,737	5,361	684,098	61,567	45,414
Net pension liability	2,186,356	-	2,186,356	792,791	116,644
Net OPEB liability	-	-	-	127,460	-
Closure and post-closure care	-	207,698	207,698	-	-
Total liabilities	8,437,958	234,927	8,672,885	1,032,546	17,936,701
DEFERRED INFLOWS OF RESOURCES					
Pension items	1,462,332	-	1,462,332	-	78,017
OPEB items	-	-	-	196,263	-
Total deferred inflows of resources	1,462,332	-	1,462,332	196,263	78,017
NET POSITION					
Net investment in capital assets	85,989,060	163,000	86,152,060	32,262	1,145,232
Restricted for:					
Capital projects	8,223,047	-	8,223,047	-	-
Other uses	1,692,916	-	1,692,916	395,637	-
Unrestricted (deficit)	13,603,011	(206,606)	13,396,405	(571,172)	2,413,843
Total net position (deficit)	\$ 109,508,034	\$ (43,606)	\$ 109,464,428	\$ (143,273)	\$ 3,559,075

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

LEE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government				
Governmental activities:				
General government	\$ 8,190,590	\$ 1,501,116	\$ 76,044	\$ 167
Court system	1,598,089	6,214	-	19
Public safety	13,321,439	1,444,419	1,385,286	74
Public works	5,335,711	3,820,999	792,701	-
Health and welfare	447,430	-	-	-
Culture and recreation	1,387,049	81,165	-	-
Housing and development	1,259,151	-	-	1,982
Interest on long-term debt	45,694	-	-	-
Total governmental activities	31,585,153	6,853,913	2,254,031	2,242
Business-type activities:				
Solid waste	264,199	159,962	-	-
Total business-type activities	264,199	159,962	-	-
Total primary government	\$ 31,849,352	\$ 7,013,875	\$ 2,254,031	\$ 2,242
Component units				
Board of Health	\$ 933,448	\$ 564,629	\$ 656,128	\$ -
Utilities Authority	4,031,713	4,565,992	-	226,292
Total component units	\$ 4,965,161	\$ 5,130,621	\$ 656,128	\$ 226,292
General revenues:				
Property taxes				
Sales taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

**Net (Expense) Revenue and
Changes in Net Position**

			Component Units	
Governmental Activities	Business-type Activities	Total	Board of Health	Utilities Authority
\$ (6,613,263)	\$ -	\$ (6,613,263)	\$ -	\$ -
(1,591,856)	-	(1,591,856)	-	-
(10,491,660)	-	(10,491,660)	-	-
(722,011)	-	(722,011)	-	-
(447,430)	-	(447,430)	-	-
(1,305,884)	-	(1,305,884)	-	-
(1,257,169)	-	(1,257,169)	-	-
(45,694)	-	(45,694)	-	-
<u>(22,474,967)</u>	<u>-</u>	<u>(22,474,967)</u>	<u>-</u>	<u>-</u>
-	(104,237)	(104,237)	-	-
-	(104,237)	(104,237)	-	-
<u>(22,474,967)</u>	<u>(104,237)</u>	<u>(22,579,204)</u>	<u>-</u>	<u>-</u>
-	-	-	287,309	-
-	-	-	-	760,571
-	-	-	<u>287,309</u>	<u>760,571</u>
16,087,368	-	16,087,368	-	-
12,412,470	-	12,412,470	-	-
2,362,193	-	2,362,193	-	-
14,958	40	14,998	-	1,063
590,884	-	590,884	-	-
(246,101)	246,101	-	-	-
<u>31,221,772</u>	<u>246,141</u>	<u>31,467,913</u>	<u>-</u>	<u>1,063</u>
8,746,805	141,904	8,888,709	287,309	761,634
100,761,229	(185,510)	100,575,719	(430,582)	2,797,441
<u>\$ 109,508,034</u>	<u>\$ (43,606)</u>	<u>\$ 109,464,428</u>	<u>\$ (143,273)</u>	<u>\$ 3,559,075</u>

LEE COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2021

	General Fund	1% SPLOST VI Capital Projects Fund	1% SPLOST VII Capital Projects Fund	TSPLOST Fund
ASSETS				
Cash and cash equivalents	\$ 6,161,312	\$ 31	\$ 68,683	\$ 127,552
Investments	10,259,946	-	4,399,337	3,082,339
Accounts receivable, net	537,513	-	-	-
Property tax receivable	119,721	-	-	-
Due from other funds	100	-	-	-
Due from other governments	355,054	-	407,009	332,069
Total assets	\$ 17,433,646	\$ 31	\$ 4,875,029	\$ 3,541,960
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 677,372	\$ -	\$ 135,845	\$ 8,129
Accrued liabilities	476,793	-	-	-
Due to other funds	40,491	-	100	-
Due to component unit	22,248	-	-	-
Unearned revenue	25,000	-	-	-
Due to other governments	-	-	49,899	-
Other liabilities	6,000	-	-	-
Total liabilities	1,247,904	-	185,844	8,129
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	102,920	-	-	-
Total deferred inflow of resources	102,920	-	-	-
FUND BALANCES				
Restricted for:				
Judicial	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Capital projects	-	31	4,689,185	3,533,831
Unassigned	16,082,822	-	-	-
Total fund balances	16,082,822	31	4,689,185	3,533,831
Total liabilities, deferred inflow of resources, and fund balances	\$ 17,433,646	\$ 31	\$ 4,875,029	\$ 3,541,960

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Deferred outflows of resources related to pensions are not available to pay for period expenditures and, therefore, are not reported in the governmental funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

 Capital leases and financed purchases

 Compensated absences

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities.

The net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds.

Deferred inflows of resources related to the net difference between expected and actual experience of economic/demographic (gains)/losses are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Net position of governmental activities

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

ARPA	Fund	Nonmajor Governmental Funds	Total
\$ 2,912,797		\$ 1,054,122	\$ 10,324,497
-		549,971	18,291,593
-		94,538	632,051
-		-	119,721
-		18,570	18,670
-		2,149	1,096,281
<u>\$ 2,912,797</u>		<u>\$ 1,719,350</u>	<u>\$ 30,482,813</u>

\$ -	\$ 6,580	\$ 827,926
-	19,854	496,647
-	-	40,591
-	-	22,248
2,912,797	-	2,937,797
-	-	49,899
-	-	6,000
<u>2,912,797</u>	<u>26,434</u>	<u>4,381,108</u>

-	-	102,920
-	-	102,920

-	62,418	62,418
-	357,830	357,830
-	560,024	560,024
-	712,644	712,644
-	-	8,223,047
-	-	16,082,822
-	<u>1,692,916</u>	<u>25,998,785</u>
<u>\$ 2,912,797</u>	<u>\$ 1,719,350</u>	

86,639,104
102,920

1,104,775

(650,044)
(1,044,211)

1,005,393
(2,186,356)

(1,462,332)

\$ 109,508,034

LEE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	1% SPLOST VI Capital Projects Fund	1% SPLOST VII Capital Projects Fund	TSPLOST Fund
Revenues				
Property taxes	\$ 16,701,755	\$ -	\$ -	\$ -
Sales taxes	3,897,650	-	4,823,158	3,691,662
Other taxes	2,358,871	-	-	-
Licenses and permits	333,576	-	-	-
Charges for services	4,610,364	-	-	-
Fines and forfeitures	763,950	-	-	-
Investment income	10,006	1,599	2,156	1,192
Intergovernmental	1,461,330	-	-	792,701
Other revenues	221,328	-	-	-
Total revenues	30,358,830	1,599	4,825,314	4,485,555
Expenditures				
Current:				
General government	7,338,827	-	-	-
Judicial	1,592,898	-	-	-
Public safety	11,543,437	-	-	-
Public works	2,163,223	-	-	-
Health and welfare	436,112	-	-	-
Culture and recreation	1,174,504	-	-	-
Housing and development	1,010,570	-	-	-
Intergovernmental	-	-	591,319	-
Capital outlays	-	2,619,597	2,170,645	2,155,945
Debt service:				
Principal	-	-	448,147	253,783
Interest	-	-	11,211	31,570
Total expenditures	25,259,571	2,619,597	3,221,322	2,441,298
Excess (deficiency) of revenues over (under) expenditures	5,099,259	(2,617,998)	1,603,992	2,044,257
Other financing sources (uses)				
Transfers in	510,018	-	-	-
Transfers out	(1,456,786)	-	-	-
Issuance of capital leases	-	-	511,940	345,566
Proceeds from sale of capital assets	108,884	-	-	-
Total other financing sources (uses)	(837,884)	-	511,940	345,566
Net change in fund balances	4,261,375	(2,617,998)	2,115,932	2,389,823
Fund balances, beginning of year	11,821,447	2,618,029	2,573,253	1,144,008
Fund balances, end of year	\$ 16,082,822	\$ 31	\$ 4,689,185	\$ 3,533,831

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

ARPA Fund	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 16,701,755
-	-	12,412,470
-	3,322	2,362,193
-	-	333,576
-	824,210	5,434,574
-	79,333	843,283
-	2,247	17,200
-	-	2,254,031
-	21,152	242,480
-	930,264	40,601,562
-	7,749	7,346,576
-	24,922	1,617,820
-	1,190,085	12,733,522
-	-	2,163,223
-	-	436,112
-	-	1,174,504
-	243,564	1,254,134
-	-	591,319
-	-	6,946,187
-	624,138	1,326,068
-	16,904	59,685
-	2,107,362	35,649,150
-	(1,177,098)	4,952,412
-	1,210,685	1,720,703
-	(510,018)	(1,966,804)
-	-	857,506
-	482,000	590,884
-	1,182,667	1,202,289
-	5,569	6,154,701
-	1,687,347	19,844,084
\$ -	\$ 1,692,916	\$ 25,998,785

LEE COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Net change in fund balances - total governmental funds \$ 6,154,701

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.

Total capital outlay	5,807,769
Total depreciation expense	(3,526,009)

The issuance of long-term debt provides current financial resources to governmental funds, and thus contributes to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The items that make up these differences in the treatment of long-term debt and related items are as follows:

Principal repayments	1,326,068
Issuance of capital leases	(857,506)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Unearned revenues increased by this amount during the year. (614,387)

The internal service fund is used by management to charge the cost of workers' compensation insurance and health insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities. 434,980

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(20,595)
Change in accrued interest payable	13,991
Change in net pension liability and related deferred inflows/outflows	27,793

Change in net position of governmental activities \$ 8,746,805

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

LEE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 15,270,777	\$ 15,921,333	\$ 16,701,755	\$ 780,422
Sales taxes	2,695,261	2,695,261	3,897,650	1,202,389
Other taxes	2,312,338	2,417,288	2,358,871	(58,417)
Licenses and permits	230,225	230,225	333,576	103,351
Intergovernmental	8,489	1,461,330	1,461,330	-
Charges for services	4,416,910	4,420,470	4,610,364	189,894
Fines and forfeitures	633,345	633,345	763,950	130,605
Interest income	96,750	96,750	10,006	(86,744)
Other revenues	118,956	691,387	221,328	(470,059)
Total revenues	25,783,051	28,567,389	30,358,830	1,791,441
Expenditures				
Current				
General government:				
County commissioners	1,219,588	2,038,631	992,494	1,046,137
County manager	560,182	562,968	536,566	26,402
Elections	305,406	373,347	352,505	20,842
Information technology	436,424	442,675	420,683	21,992
Tax commissioner	446,156	459,715	412,183	47,532
Tax assessor	670,791	707,644	761,875	(54,231)
Building and grounds	398,447	909,640	912,498	(2,858)
Utility billing	2,883,394	3,084,716	2,950,023	134,693
Total general government	6,920,388	8,579,336	7,338,827	1,240,509
Judicial:				
Superior court	575,808	579,404	558,565	20,839
District attorney	126,386	129,686	129,589	97
Magistrate court	392,040	382,250	375,685	6,565
Probate court	245,970	264,821	263,760	1,061
Juvenile court	61,835	61,835	61,332	503
Public defender	234,588	234,588	203,967	30,621
Total judicial	1,636,627	1,652,584	1,592,898	59,686

LEE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Current (Continued)				
Public safety:				
Public safety	\$ 4,887,994	\$ 5,029,357	\$ 5,002,092	\$ 27,265
Sheriff's department	4,130,888	4,302,908	3,991,795	311,113
Jail	2,413,273	2,472,275	2,275,057	197,218
Coroner	39,270	48,876	48,974	(98)
Animal control	196,922	220,923	225,519	(4,596)
Total public safety	11,668,347	12,074,339	11,543,437	530,902
Public works	2,008,226	2,181,574	2,163,223	18,351
Health and welfare:				
Department of Family and				
Children Services	16,000	16,000	16,000	-
Extension service	102,215	106,427	94,510	11,917
Health services	324,525	326,225	325,602	623
Total health and welfare	442,740	448,652	436,112	12,540
Culture and recreation:				
Recreation	496,784	529,344	505,851	23,493
Library	668,653	668,653	668,653	-
Total culture and recreation	1,165,437	1,197,997	1,174,504	23,493
Housing and development:				
Code enforcement	278,586	283,562	281,105	2,457
Economic development	254,624	255,164	4,545	250,619
Planning and engineering	367,870	369,504	355,536	13,968
Building inspections	409,214	415,255	369,384	45,871
Total housing and development	1,310,294	1,323,485	1,010,570	312,915
Debt service:				
Principal	200,187	624,139	-	624,139
Interest	11,966	32,640	-	32,640
Total debt service	212,153	656,779	-	656,779
Total expenditures	25,364,212	28,114,746	25,259,571	2,855,175
Excess of revenues over expenditures	418,839	452,643	5,099,259	4,646,616

LEE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Other financing sources (uses)				
Proceeds from sale of capital assets	\$ 30,000	\$ 114,366	\$ 108,884	\$ (5,482)
Transfers in	30,000	30,000	510,018	480,018
Transfers out	(478,839)	(597,009)	(1,456,786)	(859,777)
Total other financing sources (uses)	<u>(418,839)</u>	<u>(452,643)</u>	<u>(837,884)</u>	<u>(385,241)</u>
Net change in fund balances	-	-	4,261,375	4,261,375
Fund balance, beginning of year	<u>11,821,447</u>	<u>11,821,447</u>	<u>11,821,447</u>	-
Fund balance, end of year	<u>\$ 11,821,447</u>	<u>\$ 11,821,447</u>	<u>\$ 16,082,822</u>	<u>\$ 4,261,375</u>

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

LEE COUNTY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2021

ASSETS	Business-type Activities - Enterprise Funds			Governmental Activity
	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
CURRENT ASSETS				
Cash and cash equivalents	\$ -	\$ 7,679	\$ 7,679	\$ 1,202,688
Accounts receivable, net of allowances	18,091	165	18,256	-
Due from other funds	-	2,386	2,386	19,535
Total current assets	18,091	10,230	28,321	1,222,223
NON-CURRENT ASSETS				
Capital assets:				
Nondepreciable	-	163,000	163,000	-
Total non-current assets	-	163,000	163,000	-
Total assets	18,091	173,230	191,321	1,222,223
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	-	16,149	16,149	-
Accrued expenses	-	2,832	2,832	-
Claims payable	-	-	-	216,830
Current portion - compensated absences	-	2,887	2,887	-
Total current liabilities	-	21,868	21,868	216,830
LONG-TERM LIABILITIES				
Compensated absences, net of current portion	-	5,361	5,361	-
Accrued landfill closure/post-closure care costs	-	207,698	207,698	-
Total long-term liabilities	-	213,059	213,059	-
Total liabilities	-	234,927	234,927	216,830
NET POSITION				
Net investment in capital assets	-	163,000	163,000	-
Unrestricted (deficit)	18,091	(224,697)	(206,606)	1,005,393
Total net position (deficit)	\$ 18,091	\$ (61,697)	\$ (43,606)	\$ 1,005,393

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

LEE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activity
	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ -	\$ 159,962	\$ 159,962	\$ 3,857,393
Miscellaneous	-	-	-	134,304
Total operating revenues	-	159,962	159,962	3,991,697
OPERATING EXPENSES				
Salaries and benefits	-	81,573	81,573	-
Cost of sales and services	-	152,109	152,109	-
Claims	-	-	-	2,695,715
Administration	-	-	-	861,222
Closure/post-closure care costs	-	30,517	30,517	-
Total operating expenses	-	264,199	264,199	3,556,937
Operating income (loss)	-	(104,237)	(104,237)	434,760
NON-OPERATING INCOME				
Investment income	35	5	40	220
Total non-operating income	35	5	40	220
Income (loss) before transfers	35	(104,232)	(104,197)	434,980
TRANSFERS				
Transfers in	112,778	133,323	246,101	-
Total transfers	112,778	133,323	246,101	-
Change in net position	112,813	29,091	141,904	434,980
NET POSITION (DEFICIT), beginning of year	(94,722)	(90,788)	(185,510)	570,413
NET POSITION (DEFICIT), end of year	\$ 18,091	\$ (61,697)	\$ (43,606)	\$ 1,005,393

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

LEE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activity
	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ -	\$ 157,571	\$ 157,571	\$ 4,144,359
Payments to suppliers	-	(216,123)	(216,123)	-
Payments for insurance claims	-	-	-	(3,585,960)
Payments to employees	-	(80,194)	(80,194)	-
	-	(138,746)	(138,746)	558,399
Net cash provided by (used in) operating activities				
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	112,778	133,323	246,101	-
	112,778	133,323	246,101	-
Net cash provided by non-capital financing activities				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term debt	(112,871)	-	(112,871)	-
	(112,871)	-	(112,871)	-
Net cash used in capital and related financing activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	35	5	40	220
	35	5	40	220
Net cash provided by investing activities				
Net increase (decrease) in cash and cash equivalents	(58)	(5,418)	(5,476)	558,619
Cash and cash equivalents				
Beginning of year	58	13,097	13,155	644,069
End of year	\$ -	\$ 7,679	\$ 7,679	\$ 1,202,688

(Continued)

LEE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activity
	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
	Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss):	\$ -	\$ (104,237)	\$ (104,237)	\$ 434,760
Decrease in accounts receivable	-	-	-	172,197
Increase in due from other funds	-	(2,386)	(2,386)	(19,535)
Increase in accounts payable	-	1,120	1,120	-
Increase in accrued expenses	-	228	228	-
Decrease in due to other funds	-	(5)	(5)	-
Decrease in claims payable	-	-	-	(29,023)
Increase in compensated absences	-	1,151	1,151	-
Decrease in accrued closure/post-closure costs	-	(34,617)	(34,617)	-
	\$ -	\$ (138,746)	\$ (138,746)	\$ 558,399
Net cash provided by (used in) operating activities	\$ -	\$ (138,746)	\$ (138,746)	\$ 558,399

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

LEE COUNTY, GEORGIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 988,041
Property taxes receivable	<u>177,670</u>
Total assets	<u>1,165,711</u>
LIABILITIES	
Due to others	873,150
Uncollected taxes	<u>177,670</u>
Total liabilities	<u>1,050,820</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u>\$ 114,891</u>

The accompanying notes are an integral part of these financial statements

LEE COUNTY, GEORGIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

	<u>Custodial Funds</u>
ADDITIONS	
Fines and forfeitures	\$ 2,587,010
Taxes collected	26,034,573
Total additions	<u>28,621,583</u>
DEDUCTIONS	
Fines and fees disbursed	2,563,335
Taxes disbursed	26,052,395
Total deductions	<u>28,615,730</u>
Net position, beginning of year, as restated	<u>109,038</u>
Net position, end of year	<u>\$ 114,891</u>

The accompanying notes are an integral part of these financial statements

LEE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Lee County was incorporated in 1826 under the laws of the State of Georgia. The County operates under a five-member Board of Commissioners, who each serve staggered terms of four years. The Board elects its own chairman.

As required by GAAP, the financial statements of the reporting entity include those of Lee County, Georgia (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

Blended Component Units

The Lee County Parks and Recreation Authority (the "Parks and Recreation Authority") is governed by a five-member board appointed by the County Commissioners. The Recreation Authority has a June 30th year-end. The Parks and Recreation Authority is responsible for the operations of the former Grand Island Golf Complex. Because the County is currently responsible for the repayment of the Parks and Recreation Authority's outstanding note payable, the Parks and Recreation Authority is considered a blended component unit and reported as the Parks and Recreation Authority enterprise fund. Separate financial statements are not prepared for the Parks and Recreation Authority.

The Lee County Development Authority (the "Development Authority") is governed by a seven-member board appointed by the County Commissioners. The Authority is responsible for promoting trade, commerce, industry and employment in Lee County. The Development Authority has a June 30th year-end. Because the County is currently responsible for the repayment of the Development Authority's outstanding note payable, the Development Authority is considered a blended component unit and reported as a special revenue fund. Separate financial statements can be obtained at the Development Authority's administrative office at 106 Walnut Ave., N, Leesburg, Georgia 31763.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units

The Lee County Board of Health (the “Board of Health”) is governed by a seven-member board consisting of four members appointed by the County Commissioners. The Board of Health is responsible for providing healthcare services for the citizens of Lee County. The County has the authority to modify and approve the Board of Health’s budget. The Board of Health has a June 30th year-end. The Board of Health’s financial statements can be obtained by writing to the Lee County Board of Health, P.O. Box 303, Albany, Georgia 31763.

The Lee County Utilities Authority (the “Utilities Authority”) is governed by a seven-member board with all members appointed by the County Commissioners. The Utilities Authority is responsible for the day-to-day operations of the County’s water and wastewater systems, in addition to billing and processing payments for the County’s solid waste bills. The Utilities Authority has a June 30th year-end. Separate financial statements are not prepared for the Utilities Authority.

B. Government-wide and Fund Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **1% Special Purpose Local Option Sales Tax ("SPLOST") VI Fund** is a capital projects fund used to account for the receipt and expenditure of the SPLOST which was approved by the voters for a six-year period effective October 1, 2013 through September 30, 2019.

The **1% Special Purpose Local Option Sales Tax ("SPLOST") VII Fund** is a capital projects fund used to account for the receipt and expenditure of the SPLOST which was approved by the voters for a six-year period effective October 1, 2019 through September 30, 2025.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major governmental funds (Continued):

The **Transportation Special Purpose Local Option Sales Tax (“TSPLOST”) Fund** accounts for specific revenues provided from TSPLOST for the purpose of funding the building of parks, schools, roads, and other public facilities.

The **American Rescue Plan Act (“ARPA”) Fund** accounts for the financial resources provided and subsequently expended from the ARPA grant received from the federal government.

The County reports the following major proprietary fund:

The **Parks and Recreation Authority Fund** is used to account for the activity of the former Grand Island Golf Club.

The **Solid Waste Fund** is used to account for the operation, maintenance, and development of the County's inert landfill.

Additionally, the County reports the following fund types:

The **special revenue funds** account for specific revenues that are legally restricted or committed to expenditure for particular purposes.

The **capital projects funds** account for specific revenues provided for acquisition, construction, or renovation of major capital facilities.

The **internal service fund** accounts for the costs of the County's medical benefit plan provided to other departments and agencies of the County.

The **custodial funds** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, support payments and ad valorem, and property taxes.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's solid waste function and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services provided.

Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The local government investment pool, "Georgia Fund 1," created by O.C.G.A. §36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the County's investment in the Georgia Fund 1 is reported at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. For the most part, the effect of interfund activity has been removed from the government-wide statement of net position.

Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statement of net position as “internal balances.” In the major fund balance sheets, these receivables and payables are classified as “due from other funds” and “due to other funds.”

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

F. Capital Assets

Capital assets, which include property, intangible assets, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost which exceeds certain capitalization thresholds and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the County chose to include all such items regardless of their acquisition date or amount. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets (Continued)

Capital assets are depreciated using the straight line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
<u>Primary government</u>	
Buildings	25 – 50
Infrastructure	15 – 50
Improvements other than buildings	10 – 20
Machinery and equipment	5 – 15
 <u>Utilities Authority</u>	
Water and sewer system	15 – 50

G. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

H. Long-Term Obligations

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the balance sheet and statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items, other than those relating to the County's pension plan, which arise only under the modified accrual basis of accounting that qualify for reporting in this category. The governmental funds report *unavailable revenues* from property taxes and grant revenues, and this amount is deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The Utilities Authority has one item, other than those relating to the pension plan which is reported in the government-wide statement of net position. The deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price, and is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

The County also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining lives of plan members.

Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments as well as assumption changes are also deferred and amortized against pension expense over a five-year period.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity

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

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commission through the adoption of a resolution. Only the County Commission may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the County Commission or by any official or body to which the County Commission delegates the authority.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity (Continued)

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

- Committed
- Assigned
- Unassigned

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

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

At June 30, 2021, the Parks and Recreation Authority had deficit net position of \$61,697. This deficit will be eliminated through additional charges for services and transfers from the General Fund.

K. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources, and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING

Budget Process

The annual budget document is the financial plan for the operation of the County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the County's financial position. An annual operating budget is prepared for the General Fund and Special Revenue Funds. No budget for the Community Development Fund is adopted.

The County follows the following procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to June 30, the County Managers submit to the Board of Commissioners a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notice of budget and tax proposals is provided in conformance with Georgia law.
3. Public hearings are conducted to obtain taxpayer comments.
4. Prior to June 30, the budget is formally adopted.
5. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with GAAP.

The appropriate budgets are prepared by fund, function and department. Transfers of appropriations between departments require the approval of the County Commissioners. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the department level.

The County does not employ the use of encumbrance accounting in governmental funds and no material purchase orders, contracts, or other commitments existed at the end of the fiscal year which should have been encumbered.

Capital Projects Budget

The construction of certain major capital facilities and improvements, which are accounted for by the County in capital projects funds, are subject to budgetary control on a project basis. The budgets are approved by the Board of Commissioners and are generally subject to specific provisions of voter referendums, State statutes, and/or grant agreements. Appropriations for a specific project do not lapse until completion of the project.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, expenditures in the following General Fund departments exceeded budget.

Department	Excess
General Fund:	
Tax Assessor	\$ 54,231
Buildings and Grounds	2,858
Corner	98
Animal Control	4,596
District Attorney Forfeiture Fund:	
Judicial	3,274
Law Library Fund:	
Judicial	12,534
Special Assessment Fund:	
Culture and recreation	126,812
Development Authority:	
Debt service - principal	624,138
Debt service - interest	16,904

NOTE 3. DEPOSITS AND INVESTMENTS

Credit risk. State statutes authorize the County to invest in U.S. Government obligations; U.S. Government agency (or other corporation of the U.S. Government) obligations; obligations fully insured or guaranteed by the U.S. Government or a U.S. Government agency; obligations of the State of Georgia or other states; obligations of other counties, municipal corporations, and political subdivisions of the State of Georgia; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America; prime bankers' acceptances; repurchase agreements; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Interest Rate Risk. Interest rate risk is the risk that changes in the interest rate will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At June 30, 2021, the County held the following investments:

Investments	Maturities	Rating	Fair Value
Georgia Fund 1	36-day weighted average	AAAf	\$ 18,291,593

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements. The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the County does not disclose the investment in Georgia Fund 1 within the fair value hierarchy.

Custodial Credit Risk – Deposits and Investments. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2021, the deposits of the County and its component units were properly insured and collateralized as defined by GASB pronouncements and the official code of the State of Georgia.

NOTE 4. RECEIVABLES

Property taxes were levied on August 25, 2020. Bills are payable on or before December 20, 2020. The lien date for unpaid taxes is April 20, 2021. After that date, an interest penalty of 18% applies. The County bills and collects its own property taxes. Property taxes levied for 2020 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2021, and collected by August 31, 2021, are recognized as revenues in the year ended June 30, 2021. Receivables at June 30, 2021, for the County's individual major and nonmajor funds in the aggregate are as follows:

	General	Nonmajor Governmental Funds	Parks and Recreation Authority	Solid Waste Fund	Total
Receivables:					
Taxes	\$ 119,721	\$ -	\$ -	\$ -	\$ 119,721
Accounts	2,078,943	94,538	194,781	165	2,368,427
Gross receivables	2,198,664	94,538	194,781	165	2,488,148
Less allowance for uncollectibles	(1,541,430)	-	(176,690)	-	(1,718,120)
Net receivables	<u>\$ 657,234</u>	<u>\$ 94,538</u>	<u>\$ 18,091</u>	<u>\$ 165</u>	<u>\$ 770,028</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

A. Primary Government

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 6,865,558	\$ -	\$ -	\$ -	\$ 6,865,558
Construction in progress	438,138	40,888	-	(235,727)	243,299
Total capital assets, not being depreciated	<u>7,303,696</u>	<u>40,888</u>	<u>-</u>	<u>(235,727)</u>	<u>7,108,857</u>
Capital assets, being depreciated:					
Buildings	23,628,619	-	-	-	23,628,619
Infrastructure	119,218,263	3,623,125	-	235,727	123,077,115
Improvements other than buildings	2,568,638	134,561	-	-	2,703,199
Machinery and equipment	11,651,745	2,009,195	(118,454)	-	13,542,486
Total capital assets, being depreciated	<u>157,067,265</u>	<u>5,766,881</u>	<u>(118,454)</u>	<u>235,727</u>	<u>162,951,419</u>
Less accumulated depreciation for:					
Buildings	(10,272,709)	(553,579)	-	-	(10,826,288)
Infrastructure	(61,844,528)	(1,840,299)	-	-	(63,684,827)
Improvements other than buildings	(1,638,677)	(290,335)	-	-	(1,929,012)
Machinery and equipment	(6,257,703)	(841,796)	118,454	-	(6,981,045)
Total accumulated depreciation	<u>(80,013,617)</u>	<u>(3,526,009)</u>	<u>118,454</u>	<u>-</u>	<u>(83,421,172)</u>
Total capital assets, being depreciated, net	<u>77,053,648</u>	<u>2,240,872</u>	<u>-</u>	<u>235,727</u>	<u>79,530,247</u>
Governmental activities capital assets, net	<u>\$ 84,357,344</u>	<u>\$ 2,281,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,639,104</u>

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

Governmental activities:	
General government	\$ 156,714
Judicial	263
Public safety	724,436
Public works	2,550,475
Health and welfare	11,318
Culture and recreation	81,261
Housing and development	1,542
Total depreciation expense - governmental activities	<u>\$ 3,526,009</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 163,000	\$ -	\$ -	\$ -	\$ 163,000
Total capital assets, not being depreciated	163,000	-	-	-	163,000
Business-type activities capital assets, net	<u>\$ 163,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,000</u>

B. Discretely Presented Component Unit – Utilities Authority

Capital asset activity for the Utilities Authority, a discretely presented component unit, for the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Utilities Authority					
Capital assets, not being depreciated:					
Land	\$ 428,107	\$ 1,500	\$ -	\$ -	\$ 429,607
Construction in progress	55,295	193,615	-	-	248,910
Total capital assets, not being depreciated	483,402	195,115	-	-	678,517
Capital assets, being depreciated:					
Infrastructure	37,378,345	-	-	-	37,378,345
Machinery and equipment	845,754	235,464	-	-	1,081,218
Total	38,224,099	235,464	-	-	38,459,563
Less accumulated depreciation for:					
Infrastructure	(19,565,552)	(1,126,459)	-	-	(20,692,011)
Machinery and equipment	(802,349)	(29,755)	-	-	(832,104)
Total	(20,367,901)	(1,156,214)	-	-	(21,524,115)
Total capital assets, being depreciated, net	17,856,198	(920,750)	-	-	16,935,448
Utilities Authority capital assets, net	<u>\$ 18,339,600</u>	<u>\$ (725,635)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,613,965</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the County for the fiscal year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Note payable from direct borrowing	\$ 624,138	\$ -	\$ (624,138)	\$ -	\$ -
Financed purchase from direct borrowing	324,291	-	(324,291)	-	-
Capital leases payable	170,177	857,506	(377,639)	650,044	212,005
Net pension liability	2,265,717	1,550,758	(1,630,119)	2,186,356	-
Compensated absences	1,023,616	20,595	-	1,044,211	365,474
Governmental activities long-term liabilities	<u>\$ 4,407,939</u>	<u>\$ 2,428,859</u>	<u>\$ (2,956,187)</u>	<u>\$ 3,880,611</u>	<u>\$ 577,479</u>
Business-type activities:					
Note payable from direct borrowing	\$ 112,871	\$ -	\$ (112,871)	\$ -	\$ -
Landfill post-closure liability	242,315	-	(34,617)	207,698	-
Compensated absences	7,097	1,151	-	8,248	2,887
Business-type activities long-term liabilities	<u>\$ 362,283</u>	<u>\$ 1,151</u>	<u>\$ (147,488)</u>	<u>\$ 215,946</u>	<u>\$ 2,887</u>

For governmental funds, compensated absences, and the net pension liability are liquidated by the General Fund and E-911 Fund. For business-type activities, compensated absences are liquidated by the Solid Waste Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Notes Payable from Direct Borrowings

During fiscal year 2013, the Development Authority of Lee County, a blended component unit, entered into an agreement with a local financial institution in the amount of \$2,122,617 to finance the acquisition of land. The note was renewed on January 23, 2019. The note was paid off as of June 30, 2021.

The Lee County Parks and Recreation Authority, a blended component unit of the County, refinanced a note payable with a local financial institution to fund renovations at the golf course. The note is dated May 5, 2015 with an original balance of \$212,541 and an interest rate of 2.75%. The note payable was paid off during the year ended June 30, 2021.

Financed Purchase from Direct Borrowings

During fiscal year 2018, the County entered into an agreement with Motorola in the amount of \$301,967 to finance the purchase of radio equipment. The note is due in annual installments of \$324,290 beginning June 1, 2018 and continuing through June 1, 2021. The note has an interest rate of 0.00% and is collateralized by the equipment. The note was paid off during the year ended June 30, 2020.

Capital Leases. The County entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments as of the inception date. The interest rate on the leases is 2.19%.

The cost and related accumulated depreciation of assets under capital leases as of June 30, 2021 is as follows:

Machinery and equipment	\$ 857,506
Less: accumulated depreciation	(171,501)
Total	<u>\$ 686,005</u>

The County recorded depreciation expense in the amount of \$171,501 on its capital leases for the year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

The County's total capital lease debt service requirements to maturity are as follows:

Fiscal year ending June 30,	
2022	\$ 226,241
2023	226,241
2024	<u>226,241</u>
Total minimum lease payments	678,723
Less amount representing interest	<u>(28,679)</u>
Total	<u><u>\$ 650,044</u></u>

Landfill post-closure care costs. State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for five years after closure of landfills prior to April 1994 and 30 years for all other landfills. For the County's landfill, which was closed prior to April 1994, the estimated liability for post-closure care costs is \$207,698, which is based on 100% of landfill capacity used to date. Actual costs may be higher due to inflation, deflation, revisions to laws, or regulations, or changes in technology.

B. Discretely Presented Component Unit - Utilities Authority

The following is a summary of long-term debt activity for the Utilities Authority (component unit) for the fiscal year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Utilities Authority					
Revenue bonds	\$ 9,315,000	\$ -	\$ (255,000)	\$ 9,060,000	\$ 255,000
Direct placement bonds	7,776,319	-	(913,863)	6,862,456	939,600
Note payable from direct borrowing	675,178	-	(22,647)	652,531	45,664
Net pension liability	121,661	81,619	(86,636)	116,644	-
Compensated absences	<u>66,478</u>	<u>3,390</u>	<u>-</u>	<u>69,868</u>	<u>24,454</u>
Utilities Authority long-term liabilities	<u>\$ 17,954,636</u>	<u>\$ 85,009</u>	<u>\$ (1,278,146)</u>	<u>\$ 16,761,499</u>	<u>\$ 1,264,718</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Discretely Presented Component Unit - Utilities Authority (Continued)

Revenue Bonds – Series 2015 Bonds

In April 2015, the Lee County Utilities Authority issued \$9,595,000 in revenue bonds, which consisted of the 2015A Bonds (\$8,805,000) and its Taxable Revenue Bonds, Series 2015B (\$1,180,000) for the purpose of: 1) financing the acquisition, construction, installation, and equipping of certain improvements to the System (the “Series 2015 Project”), 2) refunding a portion of the Utilities Authority’s outstanding Series 2010 Bonds maturing on August 1, 2022 through August 1, 2032, (the “Refunded Bonds”), 3) prepaying a promissory note executed by the Utilities Authority in favor of the Georgia Environmental Finance Authority (the “GEFA Note”), and 4) paying a portion of the costs of issuing the Series 2015A Bonds. Interest is payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2015. Principal payments are due August 1 beginning August 1, 2023 for the 2015A bonds and beginning August 1, 2015 for the 2015B bonds.

The Utilities Authority’s debt service requirements to maturity on the revenue bonds payable are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2022	\$ 939,600	\$ 189,594	\$ 1,129,194
2023	675,000	162,516	837,516
2024	448,581	147,256	595,837
2025	508,413	133,614	642,027
2026	521,723	119,026	640,749
2027 – 2031	2,839,582	360,630	3,200,212
2032 – 2033	929,557	26,699	956,256
	\$ 6,862,456	\$ 1,139,335	\$ 8,001,791

Direct Placement Bonds – Series 2018 Bonds

In July 2018, the Utilities Authority issued the Lee County Utilities Authority Refunding Revenue Bond, Series 2018 in the amount of \$9,100,000 for the purpose of: 1) refunding the Series 2010 Bonds maturing in 2019 and thereafter, and 2) paying the costs of issuing the Series 2018 Bonds. Principal and interest at 2.86% are payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2019. Final payment of principal and interest is due August 1, 2032.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

B. Discretely Presented Component Unit - Utilities Authority (Continued)

Direct Placement Bonds – Series 2018 Bonds (Continued)

The Utilities Authority's debt service requirements to maturity on the direct placement bonds payable are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2022	\$ 255,000	\$ 310,410	\$ 565,410
2023	260,000	304,750	564,750
2024	845,000	289,475	1,134,475
2025	770,000	265,250	1,035,250
2026	775,000	245,950	1,020,950
2027 – 2031	4,225,000	812,625	5,037,625
2032 – 2033	1,930,000	78,200	2,008,200
	<u>\$ 9,060,000</u>	<u>\$ 2,306,660</u>	<u>\$ 11,366,660</u>

Note Payable From Direct Borrowing. In fiscal year 2018, the Lee County Utilities Authority entered into an agreement with the Georgia Environmental Finance Authority ("GEFA") to finance the installation of a 350 KW solar photovoltaic system in the amount of up to \$998,000. The project was completed in fiscal year 2020. The original amount of the loan was \$945,190 for which \$236,179 was forgiven. Principal and interest at 0.65% are payable monthly, commencing October 1, 2019. Final payment of principal and interest is due September 1, 2024. The outstanding principle balance at June 30, 2021 is \$652,531.

Debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2022	\$ 45,664	\$ 4,254	\$ 49,918
2023	45,962	3,958	49,920
2024	46,261	3,660	49,921
2025	46,563	3,361	49,924
2026	46,867	3,059	49,926
2027 – 2031	238,956	10,701	249,657
2032 – 2035	182,258	2,941	185,199
	<u>\$ 652,531</u>	<u>\$ 31,934</u>	<u>\$ 684,465</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2021, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	General Fund	\$ 18,570
General Fund	SPLOST VII Fund	100
Solid Waste Fund	General Fund	2,386
Internal Service Fund	General Fund	19,535
		<u>\$ 40,591</u>

These balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Due to/from primary government and component units:

Receivable	Payable	Amount
Utilities Authority	General Fund	<u>\$ 22,248</u>

Transfers Out	Transfers In				Total
	General Fund	Nonmajor Governmental Funds	Solid Waste Fund	Parks and Recreation Authority	
General Fund	\$ -	\$ 1,210,685	\$ 133,323	\$ 112,778	\$ 1,456,786
Nonmajor Governmental Funds	510,018	-	-	-	510,018
	<u>\$ 510,018</u>	<u>\$ 1,210,685</u>	<u>\$ 133,323</u>	<u>\$ 112,778</u>	<u>\$ 1,966,804</u>

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN

Plan Description

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, the Lee County Defined Benefit Plan (the "Plan"), covering substantially all of the County's employees. The County's pension plan is administered through the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the "ACCG Plan"), an agent multiple-employer pension plan administered by with the Association of County Commissioners of Georgia ("ACCG"). The Plan provides retirement, disability and death benefits to plan members and beneficiaries. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at www.gebcorp.com or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

Plan Membership

At January 1, 2020, the date of the most recent actuarial valuation, there were 377 participants as follows:

Inactive plan members (or beneficiary) currently receiving benefits	26
Inactive plan members entitled to but not yet receiving benefits	104
Active plan members	247
Total	<u>377</u>

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of ACCG has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the County Board of Commissioners, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the actuarially determined rate. For the year ended June 30, 2021, the County's contribution was 5.25% of annual payroll. County contributions to the Plan were \$523,000 for the year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2020, with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2020.

Net Pension Liability

Actuarial assumptions. The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	2.00%- 4.00% per year with an age based scale, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 amount weighted mortality table with a blend of 50% of the General Employees and 50% of the Public Safety Employees with a scale AA to 2020.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of a February 2019 actuarial experience study.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability (Continued)

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Fixed income	30%	25 - 35%
Large cap equity	30%	25 - 35%
Mid cap equity	5%	2.5 - 10%
Small cap equity	5%	2.5 - 10%
International equity	15%	10 - 20%
Multi cap	5%	2.5 - 10%
Global allocation	5%	2.5 - 10%
Real estate	5%	2.5 - 10%
	100%	

* Rate shown are net of the 3.00% assumed rate of inflation.

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability (Continued)

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the year ended June 30, 2021, were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 11,149,310	\$ 8,761,932	\$ 2,387,378
Changes for the year:			
Service Cost	417,182	-	417,182
Interest	773,251	-	773,251
Differences between expected and actual experience	303,954	-	303,954
Assumption changes	21,692	-	21,692
Contributions - employer	-	523,000	(523,000)
Net investment income	-	1,193,755	(1,193,755)
Benefit payments, including refunds of employee contributions	(205,750)	(205,750)	-
Administrative expense	-	(62,947)	62,947
Other changes	-	(53,351)	53,351
Net changes	1,310,329	1,394,707	(84,378)
Balances at June 30, 2021	\$ 12,459,639	\$ 10,156,639	\$ 2,303,000

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

The net pension liability of \$2,303,000 is allocated to governmental activities of the County and the Lee County Utilities Authority based on their respective share of the liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's Net Pension Liability	\$ 4,214,409	\$ 2,303,000	\$ 747,364

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2020, and the current sharing pattern of costs between employer and employee.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the County recognized pension expense of \$492,835. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 766,577
Assumption changes	719,233	181,021
Differences between expected and actual experience of economic/demographic (gains)/losses	444,483	592,751
Total	\$ 1,163,716	\$ 1,540,349

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

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

Year ending June 30,	
2022	\$ (178,001)
2023	(82,831)
2024	(257,347)
2025	(16,255)
2026	128,196
Thereafter	29,605
Total	<u>\$ (376,633)</u>

NOTE 9. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which, except as described in the following paragraph, the County carries commercial insurance in amounts deemed prudent by County management.

The County participates in the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, which are public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pools' agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. RISK MANAGEMENT (CONTINUED)

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

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

The County has an employee benefit plan designed to protect employees covered against catastrophic health expenses. The plan is a self-funded welfare plan consisting of an insured part and a self-funded part. Under the plan, the self-funded part provides medical coverage for employees and their dependents up to a maximum of \$80,000 per participant per plan year. The insured part provides insurance coverage for claims in excess of the coverage provided by the self-funded part, providing the County with protection from risk of loss. The total amount of the County's liability for a contract year, which begins February 1 and ends January 31, is the premium for each employee per month plus the maximum claim liability of \$80,000 per employee per year not to exceed an estimated annual maximum cost of \$3,077,136.

The liability for claims payable is reported in the County's internal service fund. Changes in the balances of claims liabilities for the past two years are as follows:

	2021	2020
Unpaid claims, beginning of year	\$ 245,851	\$ 317,448
Incurred claims and changes in estimates	2,695,715	2,845,426
Claim payments	(2,724,736)	(2,917,019)
Unpaid claims, end of year	\$ 216,830	\$ 245,855

NOTES TO FINANCIAL STATEMENTS

NOTE 10. COMMITMENTS AND CONTINGENCIES

Litigation

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material adverse effect on the financial position of the County.

Grant Contingencies

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

NOTE 11. JOINT VENTURES

Under Georgia law, the County, in conjunction with other cities and counties in the Southwest Georgia area, is a member of the Southwest Georgia Regional Commission ("RC") and is required to pay annual dues thereto. During the year ended June 30, 2021, the County paid \$28,931 in such dues. Membership in the RC is required by the O.C.G.A. §50-8-34 which provides for the organizational structure of regional development commissions in Georgia.

The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from Southwest Georgia Regional Commission, 30 West Broad Street, Camilla, Georgia 31730.

NOTE 12. RELATED ORGANIZATIONS

The County Commission is responsible for all of the Board appointments of the Lee County Housing Authority. However, the County has no further accountability for this organization.

NOTE 13. HOTEL/MOTEL TAX

The County imposes a 5% hotel/motel tax on lodging facilities within the County. Revenues collected during the fiscal year ended June 30, 2021 were \$3,322. No expenditures or transfers out were incurred during the fiscal year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. TAX ABATEMENT PROGRAMS

GASB Statement No. 77, *Tax Abatement Disclosures*, requires the County to disclose information for any tax abatement agreements either entered into by the County, or agreements entered into by other governments that reduce the County's tax revenues. As of June 30, 2021, the County did not have any such agreements, either entered into by the County or by other governments.

NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of GASB Statement No. 84, *Fiduciary Activities*, the County is required to re-evaluate the accounting treatment of fiduciary activities. The new standard requires the County to determine if funds are still considered fiduciary, and if so, if they are considered custodial funds under the new definitions of GASB Statement No. 84. Therefore, in conjunction with the Implementation of GASB Statement No. 84, the following restatement was required to the beginning net position of the *Fiduciary Activities* to properly report the custodial funds.

	Custodial Funds
Net position, as previously reported	\$ -
Adjustment needed to record beginning net position of the agency funds now reported as custodial funds in accordance with GASB Statement No. 84	109,038
Net position, as restated	<u>\$ 109,038</u>

LEE COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

DEFINED BENEFIT RETIREMENT PLAN SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability - Beginning of Year	\$ 11,149,310	\$ 9,753,229	\$ 8,915,388	\$ 8,644,381	\$ 7,816,878	\$ 6,465,814	\$ 5,646,475
Service Cost	417,182	380,411	426,394	477,903	446,272	447,004	444,815
Interest on the Total Pension Liability	773,251	682,726	642,257	621,871	584,588	482,064	421,716
Liability Experience (Gain)/Loss	303,954	(7,544)	202,821	(715,688)	(506,941)	160,036	-
Changes of Assumptions	21,692	520,084	(320,266)	20,644	348,342	338,535	-
Benefit Payments	(205,750)	(179,596)	(113,365)	(133,723)	(44,758)	(76,575)	(47,192)
Net Change in Total Pension Liability	1,310,329	1,396,081	837,841	271,007	827,503	1,351,064	819,339
Total Pension Liability - End of Year (a)	12,459,639	11,149,310	9,753,229	8,915,388	8,644,381	7,816,878	6,465,814
Plan Fiduciary Net Position - Beginning of Year	8,761,932	7,054,491	7,031,179	5,698,869	4,848,328	4,325,599	3,687,107
Beginning of Year							
Contributions - Employer	523,000	499,653	551,592	657,635	638,935	657,405	503,835
Net Investment Income	1,193,755	1,489,761	(335,226)	912,232	354,482	38,236	273,820
Benefit Payments	(205,750)	(173,523)	(113,365)	(133,723)	(44,758)	(76,575)	(47,192)
Administrative Expenses	(62,947)	(59,944)	(47,679)	(49,348)	(49,420)	(48,186)	(47,622)
Other Receipts	(53,351)	(48,506)	(32,010)	(54,486)	(48,698)	(48,151)	(44,349)
Net Change in Plan Fiduciary Net Position	1,394,707	1,707,441	23,312	1,332,310	850,541	522,729	638,492
Plan Fiduciary Net Position - End of Year (b)	10,156,639	8,761,932	7,054,491	7,031,179	5,698,869	4,848,328	4,325,599
County's Net Pension Liability (a) - (b)	2,303,000	2,387,378	2,698,738	1,884,209	2,945,512	2,968,550	2,140,215
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.52%	78.59%	72.33%	78.87%	65.93%	62.02%	66.90%
Covered Payroll	\$ 9,970,545	\$ 9,459,231	\$ 9,186,873	\$10,006,196	\$ 9,238,642	\$ 9,675,437	\$ 9,693,809
Net Pension Liability as a Percentage Covered Payroll of the	23.1%	25.2%	29.4%	18.8%	31.9%	30.7%	22.1%

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

LEE COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

DEFINED BENEFIT RETIREMENT PLAN SCHEDULE OF COUNTY CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 590,284	\$ 498,895	\$ 550,496	\$ 638,157	\$ 605,393	\$ 601,121	\$ 611,182
Actual Contributions During the Year	523,000	499,653	551,592	657,635	638,935	657,405	503,835
Contribution Deficiency/(Excess)	<u>\$ 67,284</u>	<u>\$ (758)</u>	<u>\$ (1,096)</u>	<u>\$ (19,478)</u>	<u>\$ (33,542)</u>	<u>\$ (56,284)</u>	<u>\$ 107,347</u>
Covered Payroll	\$ 9,970,545	\$ 9,459,231	\$ 9,186,873	\$10,006,196	\$ 9,238,642	\$ 9,675,437	\$ 9,693,809
Contributions as a Percentage of Covered Payroll	5.25%	5.28%	6.00%	6.57%	6.92%	6.79%	5.20%

NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date	January 01, 2020
Actuarial Cost Method	Entry age normal
Actuarial Asset Valuation Method	Smoothed market value, 5 yr. smoothing period
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining
Projected Salary Increases	2.00 - 4.00%
Investment Rate of Return	7.00%
Mortality Table	Pub-2010 GE (50%) and PS (50%) amt-weighted with scale AA to 2019 (Pre-Retirement: employee, Post-Retirement: Retiree)

**Schedule above is intended to show information for 10 years. Additional years will be displayed as they become available.*

LEE COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Drug Abuse Treatment and Education Fund	Jail Fund	District Attorney Forfeiture Fund	Law Library Fund
ASSETS				
Cash and cash equivalents	\$ 122,854	\$ 53,540	\$ 24,749	\$ 37,979
Investments	8,574	-	-	-
Accounts receivable, net	-	-	-	-
Due from other funds	-	1,091	-	-
Due from other governments	341	1,808	-	-
	<u>131,769</u>	<u>56,439</u>	<u>24,749</u>	<u>37,979</u>
Total assets	<u>\$ 131,769</u>	<u>\$ 56,439</u>	<u>\$ 24,749</u>	<u>\$ 37,979</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 3,474	\$ -	\$ 310	\$ -
Accrued liabilities	-	-	-	-
	<u>3,474</u>	<u>-</u>	<u>310</u>	<u>-</u>
Total liabilities	<u>3,474</u>	<u>-</u>	<u>310</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Public safety	128,295	56,439	-	-
Judicial	-	-	24,439	37,979
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Total fund balances	<u>128,295</u>	<u>56,439</u>	<u>24,439</u>	<u>37,979</u>
Total liabilities and fund balances	<u>\$ 131,769</u>	<u>\$ 56,439</u>	<u>\$ 24,749</u>	<u>\$ 37,979</u>

<u>E-911 Fund</u>	<u>Special Assessment Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Development Authority</u>	<u>Community Foundation</u>	<u>Total</u>
\$ 14,129	\$ 560,024	\$ 16,799	\$ 154,448	\$ 69,600	\$ 1,054,122
-	-	-	541,397	-	549,971
94,538	-	-	-	-	94,538
17,479	-	-	-	-	18,570
-	-	-	-	-	2,149
<u>\$ 126,146</u>	<u>\$ 560,024</u>	<u>\$ 16,799</u>	<u>\$ 695,845</u>	<u>\$ 69,600</u>	<u>\$ 1,719,350</u>
\$ 2,796	\$ -	\$ -	\$ -	\$ -	\$ 6,580
19,854	-	-	-	-	19,854
<u>22,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,434</u>
103,496	-	-	-	69,600	357,830
-	-	-	-	-	62,418
-	560,024	-	-	-	560,024
-	-	16,799	695,845	-	712,644
<u>103,496</u>	<u>560,024</u>	<u>16,799</u>	<u>695,845</u>	<u>69,600</u>	<u>1,692,916</u>
<u>\$ 126,146</u>	<u>\$ 560,024</u>	<u>\$ 16,799</u>	<u>\$ 695,845</u>	<u>\$ 69,600</u>	<u>\$ 1,719,350</u>

LEE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Drug Abuse Treatment and Education Fund	Jail Fund	District Attorney Forfeiture Fund	Law Library Fund
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Fines and forfeitures	6,635	45,810	20,674	6,214
Investment income	44	14	4	15
Other revenues	-	-	226	-
Total revenues	6,679	45,824	20,904	6,229
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	6,317	-	-	-
Judicial	-	-	3,309	21,613
Economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,317	-	3,309	21,613
Excess (deficiency) of revenues over (under) expenditures	362	45,824	17,595	(15,384)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(30,000)	-	-
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	(30,000)	-	-
Net change in fund balances	362	15,824	17,595	(15,384)
Fund balances, beginning of year	127,933	40,615	6,844	53,363
Fund balances, end of year	\$ 128,295	\$ 56,439	\$ 24,439	\$ 37,979

E-911 Fund	Special Assessment Fund	Hotel/Motel Tax Fund	Development Authority	Community Foundation	Total
\$ -	\$ -	\$ 3,322	\$ -	\$ -	\$ 3,322
634,006	140,204	-	50,000	-	824,210
-	-	-	-	-	79,333
16	167	5	1,982	-	2,247
239	-	-	-	20,687	21,152
<u>634,261</u>	<u>140,371</u>	<u>3,327</u>	<u>51,982</u>	<u>20,687</u>	<u>930,264</u>
-	-	-	-	7,749	7,749
962,102	221,666	-	-	-	1,190,085
-	-	-	-	-	24,922
-	-	-	243,564	-	243,564
-	-	-	624,138	-	624,138
-	-	-	16,904	-	16,904
<u>962,102</u>	<u>221,666</u>	<u>-</u>	<u>884,606</u>	<u>7,749</u>	<u>2,107,362</u>
<u>(327,841)</u>	<u>(81,295)</u>	<u>3,327</u>	<u>(832,624)</u>	<u>12,938</u>	<u>(1,177,098)</u>
319,044	-	-	891,641	-	1,210,685
-	-	-	(480,018)	-	(510,018)
-	-	-	482,000	-	482,000
<u>319,044</u>	<u>-</u>	<u>-</u>	<u>893,623</u>	<u>-</u>	<u>1,182,667</u>
(8,797)	(81,295)	3,327	60,999	12,938	5,569
<u>112,293</u>	<u>641,319</u>	<u>13,472</u>	<u>634,846</u>	<u>56,662</u>	<u>1,687,347</u>
<u>\$ 103,496</u>	<u>\$ 560,024</u>	<u>\$ 16,799</u>	<u>\$ 695,845</u>	<u>\$ 69,600</u>	<u>\$ 1,692,916</u>

LEE COUNTY, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - DRUG ABUSE TREATMENT AND EDUCATION FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Fines and forfeitures	\$ 14,360	\$ 14,360	\$ 6,635	\$ (7,725)
Investment income	588	588	44	(544)
Total revenues	14,948	14,948	6,679	(8,269)
Expenditures				
Current:				
Public safety	14,948	14,948	6,317	8,631
Total expenditures	14,948	14,948	6,317	8,631
Net change in fund balance	-	-	362	362
Fund balance, beginning of year	127,933	127,933	127,933	-
Fund balance, end of year	\$ 127,933	\$ 127,933	\$ 128,295	\$ 362

LEE COUNTY, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - JAIL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Fines and forfeitures	\$ 50,544	\$ 50,544	\$ 45,810	\$ (4,734)
Investment income	175	175	14	(161)
Total revenues	50,719	50,719	45,824	(4,895)
Expenditures				
Current:				
Public Safety	20,719	20,719	-	20,719
Total expenditures	20,719	20,719	-	20,719
Excess of revenues over expenditures	30,000	30,000	45,824	15,824
Other Financing Uses				
Transfers out	(30,000)	(30,000)	(30,000)	-
Net change in fund balance	-	-	15,824	15,824
Fund balance, beginning of year	40,615	40,615	40,615	-
Fund balance, end of year	\$ 40,615	\$ 40,615	\$ 56,439	\$ 15,824

LEE COUNTY, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - DISTRICT ATTORNEY FORFEITURE FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 20,674	\$ 20,674
Investment income	35	35	4	(31)
Other revenues	-	-	226	226
Total revenues	<u>35</u>	<u>35</u>	<u>20,904</u>	<u>20,869</u>
Expenditures				
Current:				
Judicial	35	35	3,309	(3,274)
Total expenditures	<u>35</u>	<u>35</u>	<u>3,309</u>	<u>(3,274)</u>
Net change in fund balance	-	-	17,595	17,595
Fund balance, beginning of year	6,844	6,844	6,844	-
Fund balance, end of year	<u>\$ 6,844</u>	<u>\$ 6,844</u>	<u>\$ 24,439</u>	<u>\$ 17,595</u>

LEE COUNTY, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - LAW LIBRARY FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Fines and forfeitures	\$ 8,875	\$ 8,875	\$ 6,214	\$ (2,661)
Investment income	204	204	15	(189)
Total revenues	9,079	9,079	6,229	(2,850)
Expenditures				
Current:				
Judicial	9,079	9,079	21,613	(12,534)
Total expenditures	9,079	9,079	21,613	(12,534)
Net change in fund balance	-	-	(15,384)	(15,384)
Fund balance, beginning of year	53,363	53,363	53,363	-
Fund balance, end of year	\$ 53,363	\$ 53,363	\$ 37,979	\$ (15,384)

LEE COUNTY, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - E-911 FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 626,100	\$ 626,100	\$ 634,006	\$ 7,906
Investment income	165	165	16	(149)
Miscellaneous revenue	12,000	12,000	239	(11,761)
Total revenues	<u>638,265</u>	<u>638,265</u>	<u>634,261</u>	<u>(4,004)</u>
Expenditures				
Current:				
Public safety	<u>992,032</u>	<u>992,032</u>	<u>962,102</u>	<u>29,930</u>
Total expenditures	<u>992,032</u>	<u>992,032</u>	<u>962,102</u>	<u>29,930</u>
Deficiency of revenues over expenditures	(353,767)	(353,767)	(327,841)	25,926
Other Financing Sources				
Transfers in	<u>353,767</u>	<u>353,767</u>	<u>319,044</u>	<u>(34,723)</u>
Net change in fund balance	-	-	(8,797)	(8,797)
Fund balance, beginning of year	112,293	112,293	112,293	-
Fund balance, end of year	<u>\$ 112,293</u>	<u>\$ 112,293</u>	<u>\$ 103,496</u>	<u>\$ (8,797)</u>

LEE COUNTY, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - SPECIAL ASSESSMENT FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 92,500	\$ 92,500	\$ 140,204	\$ 47,704
Investment income	2,354	2,354	167	(2,187)
Total revenues	94,854	94,854	140,371	45,517
Expenditures				
Current:				
Culture and recreation	94,854	94,854	221,666	(126,812)
Total expenditures	94,854	94,854	221,666	(126,812)
Net change in fund balance	-	-	(81,295)	(81,295)
Fund balance, beginning of year	641,319	641,319	641,319	-
Fund balance, end of year	\$ 641,319	\$ 641,319	\$ 560,024	\$ (81,295)

LEE COUNTY, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - HOTEL/MOTEL TAX FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Other taxes	\$ 3,075	\$ 3,075	\$ 3,322	\$ 247
Investment income	45	45	5	(40)
Total revenues	3,120	3,120	3,327	207
Expenditures				
Current:				
Economic development	3,120	3,120	-	3,120
Total expenditures	3,120	3,120	-	3,120
Net change in fund balance	-	-	3,327	3,327
Fund balance, beginning of year	13,472	13,472	13,472	-
Fund balance, end of year	\$ 13,472	\$ 13,472	\$ 16,799	\$ 3,327

LEE COUNTY, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ -	\$ -	\$ 50,000	\$ 50,000
Investment income	-	-	1,982	1,982
Total revenues	-	-	51,982	51,982
Expenditures				
Current:				
Economic development	250,599	250,599	243,564	7,035
Debt service				
Principal	-	-	624,138	(624,138)
Interest	-	-	16,904	(16,904)
Total expenditures	250,599	250,599	884,606	(634,007)
Deficiency of revenues under expenditures	(250,599)	(250,599)	(832,624)	(582,025)
Other Financing Sources				
Proceeds from the sale of capital assets	-	-	482,000	482,000
Transfer out	-	-	(480,018)	(480,018)
Transfers in	250,599	250,599	891,641	641,042
Total other financing sources	250,599	250,599	893,623	643,024
Net change in fund balance	-	-	60,999	60,999
Fund balance, beginning of year	634,846	634,846	634,846	-
Fund balance, end of year	\$ 634,846	\$ 634,846	\$ 695,845	\$ 60,999

LEE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Project Description	Original Estimated Costs	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
<i>Sales Tax Referendum SPLOST VII</i>					
Public Safety capital projects and equipment	\$ 5,230,447	\$ 442,897	\$ 1,444,420	\$ 1,887,317	36%
Courthouse - security, renovations and records	250,000	-	-	-	0%
Water and sewer system projects	750,000	12,084	148,704	160,788	21%
Roads, streets, and bridges	4,535,053	51,671	-	51,671	1%
Library projects	250,000	2,088	12,495	14,583	6%
911 back-up center	500,000	-	-	-	0%
Stormwater projects	500,000	11,500	115,137	126,637	25%
Public works - renovations and equipment	1,070,884	-	-	-	0%
Public facilities - renovations and GIS	1,000,000	35,237	247,926	283,163	28%
Recreation projects	3,186,000	-	201,963	201,963	6%
Information technology projects	1,000,000	-	-	-	0%
City of Leesburg	2,130,459	289,906	493,409	783,315	37%
City of Smithville	422,760	57,528	97,910	155,438	37%
Total expenditures	<u>\$ 20,825,603</u>	<u>\$ 902,911</u>	<u>\$ 2,761,964</u>	<u>\$ 3,664,875</u>	

*** Estimated costs are not budgeted by project or in total. Projects are approved according to need at least annually.

LEE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Project Description	Original Estimated Costs	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
<i>Sales Tax Referendum SPLOST VI</i>					
Public Safety capital projects and equipment	\$ 3,570,000	\$ 5,959,344	\$ 76,225	\$ 6,035,569	100%
Courthouse - security, renovations and records	500,000	668,623	-	668,623	100%
Water and sewer system projects	2,250,000	1,107,427	95,982	1,203,409	53%
Roads, streets and bridges	10,738,760	7,497,466	2,217,623	9,715,089	90%
Oakland Library project	1,200,000	1,165,891	-	1,165,891	97%
Leesburg/Smithville library projects	465,000	74,134	-	74,134	16%
Stormwater projects	500,000	701,995	1,200	703,195	100%
Public works - renovations and equipment	250,000	134,640	202,127	336,767	100%
Public facilities - renovations and GIS	250,000	1,025,413	25,200	1,050,613	100%
Recreation projects	1,750,000	229,118	1,240	230,358	13%
City of Leesburg	2,650,000	2,081,566	-	2,081,566	79%
City of Smithville	779,370	616,035	-	616,035	79%
Repayment of issuance of debt	3,350,000	4,629,849	-	4,629,849	100%
Total expenditures	<u>\$ 28,253,130</u>	<u>\$ 25,891,501</u>	<u>\$ 2,619,597</u>	<u>\$ 28,511,098</u>	

LEE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Project Description</u>	<u>Original Estimated Costs</u>	<u>Expenditures</u>			<u>Estimated Percentage of Completion</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	
Roads, streets and bridges	<u>\$ 16,995,017</u>	<u>\$ 2,371,925</u>	<u>\$ 2,155,945</u>	<u>\$ 4,527,870</u>	27%
Total expenditures	<u>\$ 16,995,017</u>	<u>\$ 2,371,925</u>	<u>\$ 2,155,945</u>	<u>\$ 4,527,870</u>	

LEE COUNTY, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM PROJECT COST SCHEDULE FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Program Activity	CDBG Activity Number	Latest Approved Budget	Accumulated CDBG Expenditures to Date	Accumulated Expenditures to Date Other Funds	Grand Total of Expenditures To Date	Questioned Cost (if applicable)
Engineering - Water/Sewer	T-03J-00	\$ 39,403	\$ 39,403	\$ -	\$ 39,403	\$ -
Contingencies	C-03J-01	42,516	-	-	-	-
Water Facilities	P-03J-01	328,362	295,645	-	295,645	-
Administration	A-21A-00	26,176	26,176	-	26,176	-
		<u>\$ 436,457</u>	<u>\$ 361,224</u>	<u>\$ -</u>	<u>\$ 361,224</u>	<u>\$ -</u>

LEE COUNTY, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM SOURCE AND APPLICATION OF FUNDS SCHEDULE FOR THE FISCAL YEAR ENDED JUNE 30, 2021

I	Total Fiscal Year 2018 CDBG Awarded to Recipient	\$ 436,457
II	Total Amount Drawdown by Recipient	361,224
III	Less: CDBG Funds Expended by Recipient	361,224
IV	Amount of Fiscal Year 2021 Funds Held by Recipient	-

LEE COUNTY, GEORGIA

CUSTODIAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Tax Commissioner – This fund is used to account for all personal property and real property taxes collected and forwarded to the County and other government units.

The following agency funds are used to account for fines, fees and other monies collected by the courts and remitted to other parties in accordance with court orders and state law:

Clerk of Superior Court
Probate Court
Magistrate Court

Sheriff – This fund is used to account for collection of fees, proceeds from judicial sales and cash bonds, which are disbursed to other agencies, the County and individuals.

LEE COUNTY, GEORGIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION CUSTODIAL FUNDS JUNE 30, 2021

	Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff	Total Custodial Funds
ASSETS						
Cash and cash equivalents	\$ 99,337	\$ -	\$ 694,233	\$ 20,868	\$ 173,603	\$ 988,041
Property taxes receivable	-	-	177,670	-	-	177,670
Total assets	\$ 99,337	\$ -	\$ 871,903	\$ 20,868	\$ 173,603	\$ 1,165,711
LIABILITIES						
Due to others	\$ 64,519	\$ 13,296	\$ 694,233	\$ 20,868	\$ 80,234	\$ 873,150
Uncollected taxes	-	-	177,670	-	-	177,670
Total liabilities	\$ 64,519	\$ 13,296	\$ 871,903	\$ 20,868	\$ 80,234	\$ 1,050,820
NET POSITION						
Restricted for individuals, organizations, and other governments	\$ 34,818	\$ (13,296)	\$ -	\$ -	\$ 93,369	\$ 114,891

LEE COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS JUNE 30, 2021

	Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff	Total Custodial Funds
ADDITIONS						
Fines and forfeitures	\$ 1,684,847	\$ 463,936	\$ -	\$ 146,113	\$ 292,114	\$ 2,587,010
Taxes collected	-	-	26,034,573	-	-	26,034,573
Total additions	\$ 1,684,847	\$ 463,936	\$ 26,034,573	\$ 146,113	\$ 292,114	\$ 28,621,583
DEDUCTIONS						
Fines and fees disbursed	\$ 1,650,029	\$ 477,232	\$ -	\$ 164,755	\$ 271,319	\$ 2,563,335
Taxes disbursed	-	-	26,052,395	-	-	26,052,395
Total deductions	\$ 1,650,029	\$ 477,232	\$ 26,052,395	\$ 164,755	\$ 271,319	\$ 28,615,730
Change in net position	\$ 34,818	\$ (13,296)	\$ (17,822)	\$ (18,642)	\$ 20,795	\$ 5,853
Net position, beginning of year, as restated	-	-	17,822	18,642	72,574	109,038
Net position, end of year	\$ 34,818	\$ (13,296)	\$ -	\$ -	\$ 93,369	\$ 114,891

COMPLIANCE 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 Commissioners
of Lee County, Georgia
Leesburg, Georgia**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Lee County, Georgia (the "County") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 17, 2022. Our report includes a reference to other auditors who audited the financial statements of the Lee County Board of Health and the Lee County Development Authority, as described in our report on Lee County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, as of July 1, 2020.

Internal Control Over Financial Reporting

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

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 have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we considered to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as 2021 – 002 and 2021 – 003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as 2021 – 001 to be a significant deficiency.

Compliance and Other Matters

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

Lee County, Georgia's Responses to Findings

Lee County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Macon, Georgia
January 17, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Commissioners
of Lee County, Georgia
Leesburg, Georgia**

Report on Compliance For Each Major Federal Program

We have audited Lee County, Georgia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Lee County Board of Health and the Lee County Development Authority, which received federal awards which is not included in the schedule of expenditures of federal awards of the County for the year ended June 30, 2021. Our audit, described below, did not include the operations of the Lee County Board of Health and the Lee County Development Authority as the component units engaged other auditors to perform audits in accordance with the *Uniform Guidance*.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 17, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mauldin & Jenkins, LLC

Macon, Georgia
January 17, 2022

LEE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Federal Agency/ Pass-through Entity/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF TREASURY Passed through Georgia Office of Planning and Budget: COVID-19-Coronavirus Relief Fund	21.019	GA-0000055	\$ <u>1,376,797</u>
Total U.S. Department of Treasury			<u>1,376,797</u>
Total Expenditures of Federal Awards			\$ <u>1,376,797</u>

See Notes to Schedule of Expenditures of Federal Awards.

LEE COUNTY, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lee County, Georgia (the "County"), and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. DE MINIMIM INDIRECT COST RATE

The County chose not to use the 10% de minimum cost rate for the year ended June 30, 2021.

NOTE 3. NON-CASH AWARDS

The County did not receive non-cash federal awards during the year ended June 30, 2021.

NOTE 4. SUBRECIPIENTS

The County did not pass through any funds to subrecipients during the year ended June 30, 2021.

LEE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

Yes No

Significant deficiencies identified?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over financial reporting:
Material weaknesses identified?

Yes No

Significant deficiencies identified not considered to be material weaknesses?

Yes None reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

Yes No

Identification of major program:

CFDA Number
21.019

Name of Federal Program or Cluster
COVID-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified a low risk auditee?

Yes No

LEE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2021 – 001. Segregation of Duties

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

Condition: For the fiscal year ended June 30, 2021, we noted a lack of proper segregation of duties within several areas of Lee County, Georgia's operations, including the County Finance Department, Clerk of Court, Probate Court, Sheriff's Office, and County Finance Department.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

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

Recommendation: The duties of recording, distribution, and reconciliation of accounts should be segregated among employees.

Views of Responsible Officials and Planned Corrective Action: We concur. We will do the best we can to comply with the number of employees that we have.

2021 – 002. Accounts Payable – Utilities Authority

Criteria: Generally accepted accounting principles ("GAAP") require timely reporting of all current liabilities when goods have been received or services have been performed regardless of the timing of related cash flows.

Condition: During our audit, we noted several invoices not recorded as accounts payable as of June 30, 2021 in the Utilities Authority that were for goods received or services performed prior to June 30, 2021, but paid subsequent to year-end.

Context: See above condition.

Effect: The following adjustment was necessary to properly reflect accounts payable balances:

- An adjustment to increase accounts payable and increase fixed assets of the Utilities Authority by \$193,615.

LEE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2021 – 002. Accounts Payable – Utilities Authority (Continued)

Recommendation: We recommend the Utilities Authority implement a process to ensure that accounts payable are properly recorded as of year-end.

Views of Responsible Officials and Planned Corrective Action: We concur. We will ensure all expenses are properly recorded as of year-end and the accounts payable subledger and general ledger agree.

2021 – 003. Proper Recognition of Receivables – Utilities Authority

Criteria: Generally accepted accounting principles and governmental accounts standards require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Additionally, an allowance should be recorded if amounts are deemed to be uncollectible, if applicable.

Condition: The Authority did not appropriately record all transactions involving certain receivable and revenue accounts during the fiscal year ended June 30, 2021.

Context: We addressed the matter with the Authority to determine the appropriate amounts to be recorded as of June 30, 2021.

Effects: During our audit, we were required to record the following adjustments:

- An entry to increase accounts receivable in the amount of \$59,423, increase allowance for uncollectible accounts in the amount of \$116,698, and decrease revenue in the amount of 57,275.

Recommendation: We recommend the Authority carefully review all receivable accounts to ensure transactions are reported in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: We concur. We will ensure all expenses are properly recorded as of year-end and the accounts payable sub-ledger and general ledger agree.

LEE COUNTY, GEORGIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

LEE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2021

2020 – 001. Segregation of Duties

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

Condition: For the fiscal year ended June 30, 2021, we noted a lack of proper segregation of duties within several areas of Lee County, Georgia's operations, including the County Finance Department, Clerk of Court, Probate Court, Sheriff's Office, and County Finance Department.

Auditee Response/Status: Unresolved – see current year finding 2021 – 001.

2020 – 002. Accounts Payable - County and Utilities Authority

Criteria: Generally accepted accounting principles require timely reporting of all current liabilities when goods have been received or services have been performed regardless of the timing of related cash flows.

Condition: During our audit, we noted the accounts payable subsidiary ledger for the General Fund did not agree to the general ledger at June 30, 2020. Additionally, we noted several invoices not recorded as accounts payable as of June 30, 2020 in the Solid Waste Fund and the Utilities Authority that were for goods received or services performed prior to June 30, 2020, but paid subsequent to year-end.

Auditee Response/Status: Partially resolved – see current year finding 2021 – 002.

2020 – 003. Maintenance of Detail Capital Asset Listings and Depreciation Schedules – Utilities Authority

Criteria: Detailed records of capital assets, including construction in progress, are an important tool in maintaining control over capital assets and ensuring the proper calculation of depreciation.

Condition: The Utilities Authority did not properly record capital assets and the related depreciation expense as of year-end.

Auditee Response/Status: Unresolved – see current year finding 2021 – 003.



LEE COUNTY

Board of Commissioners

One of Georgia's original counties ~ Established in 1825

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2021

2021-001 Segregation of Duties

Name of the Contact Person Responsible for the Corrective Action Plan: Heather Jones, Finance Director.

Corrective Action Plan: We concur. We will do the best we can to comply with the number of employees that we have.

Anticipated Completion Date: June 30, 2022

2021-002 Accounts Payable – Utilities Authority

Name of the Contact Person Responsible for the Corrective Action Plan: Tricia Harris, Director of Administrative Operations for Utilities Authority

Corrective Action Plan: We concur. We will ensure all expenses are properly recorded as of year-end and the accounts payable sub-ledger and general ledger agree.

Anticipated Completion Date: June 30, 2022

2021-003 Proper Recognition of Recognition of Receivables – Utilities Authority

Name of the Contact Person Responsible for the Corrective Action Plan: Tricia Harris, Director of Administrative Operations for Utilities Authority

Corrective Action Plan: We concur. We will ensure all expenses are properly recorded as of year-end and the accounts payable sub-ledger and general ledger agree.

Anticipated Completion Date: June 30, 2022

Lee County is a thriving, vibrant community celebrated for its value of tradition encompassing a safe family oriented community, schools of excellence, and life long opportunities for prosperity and happiness without sacrificing the rural agricultural tapestry.

Chairman
Billy Mathis
District 3

Vice-Chairman
John Wheaton
District 1

Commissioner
Luke Singletary
District 2

Commissioner
Rick Muggridge
District 4

Commissioner
George Walls
District 5

County Manager
Christi Dockery

County Attorney
Jimmy Skipper

102 Starksville Avenue North
Leesburg, Georgia 31763

Office: (229) 759-6000
Fax: (229) 759-6050

www.lee.ga.us