

LEE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

LEE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

Page

Table of Contents	i – iii
List of Principal Officials	iv

FINANCIAL SECTION

Independent Auditor’s Report	1 – 4
------------------------------------	-------

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position	5
Statement of Activities	6 and 7

Fund Financial Statements:

Balance Sheet – Governmental Funds	8 and 9
Reconciliation of the Balance Sheet to the Statement of Net Position.....	10
Statement of Revenues, Expenditures and Changes in Fund	
Balances – Governmental Funds	11 and 12
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures and Changes in	
Fund Balance – Budget (GAAP Basis) and Actual – General Fund	14 – 16
Statement of Revenues, Expenditures and Changes in Fund Balance –	
Budget (GAAP Basis) and Actual – ARPA Fund.....	17
Statement of Net Position – Proprietary Funds.....	18
Statement of Revenues, Expenses and Changes in Fund Net	
Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20 and 21
Statement of Fiduciary Net Position – Fiduciary Funds	22
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	23
Notes to Financial Statements	24 – 53

Required Supplementary Information:

Defined Benefit Retirement Plan

Schedule of Changes in the County’s Net Pension Liability and Related Ratios	54 and 55
Schedule of County Contributions	56 and 57

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds	58 and 59
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances – Nonmajor Governmental Funds	60 and 61

LEE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

Page

FINANCIAL SECTION (CONTINUED)

Combining and Individual Fund Statements and Schedules (Continued):

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Drug Abuse Treatment and Education Fund.....	62
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Jail Fund	63
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – District Attorney Forfeiture Fund	64
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Law Library Fund	65
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – E-911 Fund.....	66
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Special Assessment Fund	67
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Hotel/Motel Tax Fund.....	68
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Development Authority Fund	69
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Community Development Fund.....	70
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	71 and 72
Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax Proceeds	73
Project Cost Schedule – Community Development Block Grant Program	74
Source and Application of Funds Schedule – Community Development Block Grant Program.....	75
Custodial Funds:	
Combining Statement of Fiduciary Net Position – Custodial Funds	76
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds.....	77

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 <i>Government Auditing Standards</i>	78 and 79
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	80 – 82
Schedule of Expenditures of Federal Awards	83

LEE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

Page

COMPLIANCE SECTION (CONTINUED)

Notes to Schedule of Expenditures of Federal Awards	84
Schedule of Findings and Questioned Costs	85 – 87
Schedule of Prior Year Findings	88
Management’s Corrective Action Plan	89

LEE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

LIST OF PRINCIPAL OFFICIALS

LEE COUNTY BOARD OF COMMISSIONERS

Billy Mathis, Chairman (District 3)

Chris Guarnieri, 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 Good, 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 Audit of the Financial Statements

Opinions

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, 2022, 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.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, 2022, 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.

We did not audit the financial statements of the Lee County Health Department which represents 4.62% of the assets and deferred outflows of resources, 3.25% of the net position, and 19.87% of the revenues of the aggregate discretely presented component units, or the Lee County Development Authority which represents 40.42% of the assets, 40.78% of the fund balance and 0.11% 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 Health Department and the Lee County Development Authority, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the County's Net Pension Liability (on page 55), and the Schedule of Contributions (on page 57) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, and other auditors, 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.

Supplementary 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, the Community Development Block Grant Program project cost schedule, the Community Development Block Grant program source and application of funds schedule, 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, the Community Development Block Grant Program project cost schedule, the Community Development Block Grant program source and application of funds schedule, 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual nonmajor fund financial statements and schedules, the Community Development Block Grant Program project cost schedule, the Community Development Block Grant program source and application of funds schedule, 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 December 29, 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
December 29, 2022

LEE COUNTY, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Health Department	Utilities Authority
ASSETS					
Cash and cash equivalents:	\$ 15,682,368	\$ 10,853	\$ 15,693,221	\$ 846,196	\$ 2,746,737
Investments	24,035,383	-	24,035,383	-	-
Accounts receivable, net	645,379	18,256	663,635	-	169,327
Property tax receivable	104,463	-	104,463	-	-
Interfund balances	(90)	90	-	-	-
Due from component unit	5,336	-	5,336	-	-
Due from other governments	1,324,771	-	1,324,771	46,027	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	339,635
Investments	-	-	-	-	859,677
OPEB asset - SEAD	-	-	-	143,204	-
Capital assets:					
Right-to-use lease, net of accumulated amortization	568,209	-	568,209	-	45,796
Nondepreciable	7,248,137	163,000	7,411,137	-	1,572,890
Depreciable	81,438,626	-	81,438,626	29,602	15,792,589
Total assets	131,052,582	192,199	131,244,781	1,065,029	21,526,651
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	-	-	96,594
Pension items	995,305	-	995,305	273,184	52,506
OPEB items	-	-	-	63,405	-
Total deferred outflow s of resources	995,305	-	995,305	336,589	149,100
LIABILITIES					
Accounts payable	2,305,459	-	2,305,459	17,543	94,475
Due to other governments	60,201	-	60,201	-	-
Accrued liabilities	129,583	765	130,348	-	212,560
Due to primary government	-	-	-	-	5,336
Unearned revenue	5,487,827	-	5,487,827	-	61,600
Customer deposits	-	-	-	-	582,102
Claims payable	301,953	-	301,953	-	-
Notes payable, due w ithin one year	-	-	-	-	45,813
Notes payable, due in more than one year	-	-	-	-	1,513,962
Finance purchase options, due w ithin one year	2,454,764	-	2,454,764	-	-
Finance purchase options, due in more than one year	221,389	-	221,389	-	-
Lease liabilities, due w ithin one year	170,174	-	170,174	-	17,315
Lease liabilities, due in more than one year	553,810	-	553,810	-	30,334
Bonds payable, due w ithin one year	-	-	-	-	935,000
Bonds payable, due in more than one year	-	-	-	-	13,792,856
Compensated absences, due w ithin one year	360,862	2,023	362,885	8,244	21,955
Compensated absences, due in more than one year	670,172	1,465	671,637	74,197	40,774
Net pension liability	1,525,949	-	1,525,949	449,280	80,500
Net OPEB liability - SHBP	-	-	-	49,353	-
Closure and post-closure care	-	173,204	173,204	-	-
Total liabilities	14,242,143	177,457	14,419,600	598,617	17,434,582
DEFERRED INFLOWS OF RESOURCES					
Pension items	1,704,237	-	1,704,237	415,242	89,905
OPEB items	-	-	-	248,348	-
Total deferred inflow s of resources	1,704,237	-	1,704,237	663,590	89,905
NET POSITION					
Net investment in capital assets	85,854,835	163,000	86,017,835	29,602	1,174,442
Restricted for:					
Capital projects	10,649,602	-	10,649,602	-	-
Other uses	1,711,605	-	1,711,605	471,207	-
Unrestricted (deficit)	17,885,465	(148,258)	17,737,207	(361,398)	2,976,822
Total net position	\$ 116,101,507	\$ 14,742	\$ 116,116,249	\$ 139,411	\$ 4,151,264

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

LEE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 8,561,390	\$ 5,681,299	\$ 701,137	\$ 299
Court system	1,897,348	6,930	-	22
Public safety	13,161,663	718,646	-	150
Public works	7,755,262	520,270	612,490	23,547
Health and welfare	340,577	-	-	-
Culture and recreation	1,448,743	-	-	-
Housing and development	1,418,183	-	-	1,046
Interest on long-term debt	29,829	-	-	-
Total governmental activities	34,612,995	6,927,145	1,313,627	25,064
Business-type activities:				
Solid waste	261,217	169,755	-	-
Total business-type activities	261,217	169,755	-	-
Total primary government	\$ 34,874,212	\$ 7,096,900	\$ 1,313,627	\$ 25,064
Component units				
Health Department	\$ 892,557	\$ 499,647	\$ 675,594	\$ -
Utilities Authority	4,146,806	4,737,464	-	-
Total component units	\$ 5,039,363	\$ 5,237,111	\$ 675,594	\$ -
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.

LEE COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2022

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-type Activities	Total	Component Units	
			Board of Health	Utilities Authority
\$ (2,178,655)	\$ -	\$ (2,178,655)	\$ -	\$ -
(1,890,396)	-	(1,890,396)	-	-
(12,442,867)	-	(12,442,867)	-	-
(6,598,955)	-	(6,598,955)	-	-
(340,577)	-	(340,577)	-	-
(1,448,743)	-	(1,448,743)	-	-
(1,417,137)	-	(1,417,137)	-	-
(29,829)	-	(29,829)	-	-
(26,347,159)	-	(26,347,159)	-	-
-	(91,462)	(91,462)	-	-
-	(91,462)	(91,462)	-	-
(26,347,159)	(91,462)	(26,438,621)	-	-
-	-	-	282,684	-
-	-	-	-	590,658
-	-	-	282,684	590,658
17,402,722	-	17,402,722	-	-
13,219,514	-	13,219,514	-	-
2,402,320	-	2,402,320	-	-
34,033	8	34,041	-	1,531
31,845	-	31,845	-	-
(149,802)	149,802	-	-	-
32,940,632	149,810	33,090,442	-	1,531
6,593,473	58,348	6,651,821	282,684	592,189
109,508,034	(43,606)	109,464,428	(143,273)	3,559,075
\$ 116,101,507	\$ 14,742	\$ 116,116,249	\$ 139,411	\$ 4,151,264

LEE COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2022

	General Fund	1% SPLOST VII Capital Projects Fund	TSPLOST Fund
ASSETS			
Cash and cash equivalents	\$ 7,445,110	\$ 204	\$ 244,246
Investments	12,233,665	6,059,270	5,191,888
Accounts receivable, net	491,832	-	-
Property tax receivable	104,463	-	-
Due from component unit	5,336	-	-
Due from other funds	6,825	-	-
Due from other governments	422,460	506,951	393,656
Total assets	\$ 20,709,691	\$ 6,566,425	\$ 5,829,790
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 610,513	\$ 214,492	\$ 1,471,951
Accrued liabilities	121,866	-	-
Due to other funds	1,117	-	-
Unearned revenue	25,000	-	-
Due to other governments	-	60,201	-
Total liabilities	758,496	274,693	1,471,951
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	65,173	-	-
Unavailable revenue - intergovernmental revenue	-	-	-
Total deferred inflows of resources	65,173	-	-
FUND BALANCES			
Restricted for:			
Judicial	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Economic development	-	-	-
Capital projects	-	6,291,732	4,357,839
Unassigned	19,886,022	-	-
Total fund balances	19,886,022	6,291,732	4,357,839
Total liabilities, deferred inflows of resources and fund balances	\$ 20,709,691	\$ 6,566,425	\$ 5,829,790

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

<u>ARPA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 5,471,929	\$ 1,075,959	\$ 14,237,448
-	550,560	24,035,383
54,684	97,779	644,295
-	-	104,463
-	-	5,336
-	1,027	7,852
-	1,704	1,324,771
<u>\$ 5,526,613</u>	<u>\$ 1,727,029</u>	<u>\$ 40,359,548</u>
\$ -	\$ 8,503	\$ 2,305,459
827	6,890	129,583
6,825	-	7,942
5,462,827	-	5,487,827
-	-	60,201
<u>5,470,479</u>	<u>15,393</u>	<u>7,991,012</u>
-	-	65,173
40,929	-	40,929
<u>40,929</u>	<u>-</u>	<u>106,102</u>
-	26,720	26,720
-	344,579	344,579
-	617,175	617,175
15,205	723,131	738,336
-	31	10,649,602
-	-	19,886,022
<u>15,205</u>	<u>1,711,636</u>	<u>32,262,434</u>
<u>\$ 5,526,613</u>	<u>\$ 1,727,029</u>	<u>\$ 40,359,548</u>

LEE COUNTY, GEORGIA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2022

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

Total fund balances - governmental funds	\$ 32,262,434
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	89,254,972
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	106,102
Deferred outflows of resources related to pensions are not available to pay for period expenditures and, therefore, are not reported in the governmental funds.	995,305
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Leases	(723,984)
Financed purchases	(2,676,153)
Compensated absences	(1,031,034)
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.	1,144,051
The net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds.	(1,525,949)
Deferred inflows of resources related to pensions are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(1,704,237)</u>
Net position of governmental activities	<u>\$ 116,101,507</u>

LEE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	1% SPLOST VII Capital Projects Fund	TSPLOST Fund
Revenues			
Property taxes	\$ 17,440,469	\$ -	\$ -
Sales taxes	4,116,064	5,081,545	4,021,905
Other taxes	2,394,066	-	-
Licenses and permits	414,634	-	-
Charges for services	4,703,653	-	-
Fines and forfeitures	770,727	-	-
Investment income	34,028	12,949	10,598
Intergovernmental	137,662	-	612,490
Other revenues	135,163	-	-
Total revenues	30,146,466	5,094,494	4,644,993
Expenditures			
Current:			
General government	7,125,152	-	-
Judicial	1,636,043	-	-
Public safety	14,340,474	-	-
Public works	1,974,683	-	-
Health and welfare	438,630	-	-
Culture and recreation	1,253,092	-	-
Economic development	1,189,694	-	-
Intergovernmental	-	622,997	-
Capital outlay	-	2,733,882	3,604,262
Debt service:			
Principal	-	126,569	340,918
Interest	-	8,499	21,330
Total expenditures	28,187,439	3,491,947	3,966,510
Excess (deficiency) of revenues over (under) expenditures	1,959,027	1,602,547	678,483
Other financing sources (uses)			
Transfers in	30,000	-	-
Transfers out	(685,459)	-	-
Leases issued	2,238,116	-	-
Financed purchases issued	-	-	145,525
Sale of capital assets	31,845	-	-
Total other financing sources (net)	1,844,173	-	145,525
Net change in fund balances	3,803,200	1,602,547	824,008
Fund balances, beginning of year	16,082,822	4,689,185	3,533,831
Fund balances, end of year	\$ 19,886,022	\$ 6,291,732	\$ 4,357,839

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

ARPA Fund	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 17,440,469
-	-	13,219,514
-	8,254	2,402,320
-	-	414,634
-	756,356	5,460,009
-	88,398	859,125
1,450	1,522	60,547
521,096	-	1,271,248
-	58,214	193,377
<u>522,546</u>	<u>912,744</u>	<u>41,321,243</u>
507,341	14,429	7,646,922
-	35,737	1,671,780
-	1,077,394	15,417,868
-	-	1,974,683
-	-	438,630
-	-	1,253,092
-	228,489	1,418,183
-	-	622,997
-	43,663	6,381,807
-	-	467,487
-	-	29,829
<u>507,341</u>	<u>1,399,712</u>	<u>37,323,278</u>
<u>15,205</u>	<u>(486,968)</u>	<u>3,997,965</u>
-	535,657	565,657
-	(30,000)	(715,459)
-	-	2,238,116
-	-	145,525
-	-	31,845
<u>-</u>	<u>505,657</u>	<u>2,265,684</u>
15,205	18,689	6,263,649
-	1,692,947	25,998,785
<u>\$ 15,205</u>	<u>\$ 1,711,636</u>	<u>\$ 32,262,434</u>

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, 2022

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

Net change in fund balances - total governmental funds \$ 6,263,649

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 and amortization expense. This is the difference between depreciation and amortization expense and capital outlay in the current period.

Total capital outlay	6,390,106
Total amortization expense	(299,831)
Total depreciation expense	(4,196,922)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. 722,515

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. The items that make up these differences in the treatment of long-term debt and related items are as follows:

Principal repayments - financed purchases	212,007
Principal repayments - leases	255,480
Issuance of financed purchases	(2,238,116)
Issuance of leases	(979,464)

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. 3,182

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. 138,658

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	13,177
Change in net pension liability and related deferred inflows/outflows	309,032

Change in net position of governmental activities \$ 6,593,473

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, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Property taxes	\$ 15,753,725	\$ 15,753,725	\$ 17,440,469	\$ 1,686,744
Sales taxes	3,485,966	3,485,966	4,116,064	630,098
Other taxes	2,437,739	2,437,739	2,394,066	(43,673)
Licenses and permits	269,800	269,800	414,634	144,834
Intergovernmental	8,489	8,489	137,662	129,173
Charges for services	4,475,738	4,475,738	4,703,653	227,915
Fines and forfeitures	678,711	678,711	770,727	92,016
Interest income	9,300	9,300	34,028	24,728
Other revenues	198,016	198,016	135,163	(62,853)
Total revenues	27,317,484	27,317,484	30,146,466	2,828,982
Expenditures				
Current				
General government:				
County commissioners	1,602,612	1,602,612	1,191,678	410,934
County manager	660,280	660,280	564,664	95,616
Elections	294,333	294,333	303,548	(9,215)
Information technology	430,520	430,520	399,650	30,870
Tax commissioner	483,799	483,799	457,073	26,726
Tax assessor	626,984	626,984	494,409	132,575
Building and grounds	904,491	904,491	627,495	276,996
Utility billing	3,013,551	3,013,551	3,086,635	(73,084)
Total general government	8,016,570	8,016,570	7,125,152	891,418
Judicial:				
Superior court	601,633	601,633	588,994	12,639
District attorney	126,386	126,386	133,855	(7,469)
Magistrate court	382,251	382,251	382,421	(170)
Probate court	270,086	270,086	269,105	981
Juvenile court	81,282	81,282	69,572	11,710
Public defender	243,527	243,527	192,096	51,431
Total judicial	1,705,165	1,705,165	1,636,043	69,122

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Current (Continued)				
Public safety:				
Public safety	\$ 5,092,080	\$ 5,092,080	\$ 7,395,643	\$ (2,303,563)
Sheriff's department	4,268,890	4,268,890	4,383,180	(114,290)
Jail	2,363,149	2,363,149	2,279,826	83,323
Coroner	40,975	40,975	42,745	(1,770)
Animal control	229,037	229,037	239,080	(10,043)
Total public safety	11,994,131	11,994,131	14,340,474	(2,346,343)
Public works:				
Public works	2,059,903	2,059,903	1,974,683	85,220
Health and welfare:				
Department of Family and				
Children Services	16,000	16,000	16,000	-
Extension service	90,823	90,823	97,963	(7,140)
Health services	323,195	323,195	324,667	(1,472)
Total health and welfare	430,018	430,018	438,630	(8,612)
Culture and recreation:				
Recreation	545,539	545,539	570,583	(25,044)
Library	682,509	682,509	682,509	-
Total culture and recreation	1,228,048	1,228,048	1,253,092	(25,044)
Housing and development:				
Code enforcement	293,651	293,651	308,054	(14,403)
Economic development	233,171	233,171	3,931	229,240
Planning and engineering	381,899	381,899	455,103	(73,204)
Building inspections	434,279	434,279	422,606	11,673
Total housing and development	1,343,000	1,343,000	1,189,694	153,306
Total expenditures	26,776,835	26,776,835	27,957,768	(1,180,933)
Excess of revenues over expenditures	540,649	540,649	2,188,698	1,648,049

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Other financing sources (uses)				
Leases issued	\$ -	\$ -	\$ 2,238,116	\$ 2,238,116
Sale of capital assets	50,000	50,000	31,845	(18,155)
Transfers in	30,000	30,000	30,000	-
Transfers out	(620,649)	(620,649)	(685,459)	(64,810)
Total other financing sources (uses)	(540,649)	(540,649)	1,614,502	2,155,151
Net change in fund balances	-	-	3,803,200	3,803,200
Fund balance, beginning of year	16,082,822	16,082,822	16,082,822	-
Fund balance, end of year	\$ 16,082,822	\$ 16,082,822	\$ 19,886,022	\$ 3,803,200

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 ARPA FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 521,096	\$ 521,096
Interest income	-	-	1,450	1,450
Total revenues	-	-	522,546	522,546
Expenditures				
Current:				
General government	-	-	507,341	(507,341)
	-	-	507,341	(507,341)
Total expenditures	-	-	507,341	(507,341)
Net change in fund balances	-	-	15,205	15,205
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 15,205	\$ 15,205

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

LEE COUNTY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2022

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	\$ -	\$ 10,853	\$ 10,853	\$ 1,444,920
Accounts receivable, net of allowances	18,091	165	18,256	1,084
Due from other funds	-	90	90	-
Total current assets	18,091	11,108	29,199	1,446,004
NON-CURRENT ASSETS				
Capital assets:				
Nondepreciable	-	163,000	163,000	-
Total non-current assets	-	163,000	163,000	-
Total assets	18,091	174,108	192,199	1,446,004
LIABILITIES				
CURRENT LIABILITIES				
Accrued expenses	-	765	765	-
Claims payable	-	-	-	301,953
Current portion - compensated absences	-	2,023	2,023	-
Total current liabilities	-	2,788	2,788	301,953
LONG-TERM LIABILITIES				
Compensated absences, net of current portion	-	1,465	1,465	-
Accrued landfill closure/post-closure care costs	-	173,204	173,204	-
Total long-term liabilities	-	174,669	174,669	-
Total liabilities	-	177,457	177,457	301,953
NET POSITION				
Net investment in capital assets	-	163,000	163,000	-
Unrestricted (deficit)	18,091	(166,349)	(148,258)	1,144,051
Total net position (deficit)	\$ 18,091	\$ (3,349)	\$ 14,742	\$ 1,144,051

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, 2022

	Business-type Activities - Enterprise Funds			Governmental Activity
	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ -	\$ 169,755	\$ 169,755	\$ 3,809,448
Miscellaneous	-	-	-	550,683
Total operating revenues	-	169,755	169,755	4,360,131
OPERATING EXPENSES				
Salaries and benefits	-	84,473	84,473	-
Cost of sales and services	-	135,945	135,945	-
Claims	-	-	-	3,408,889
Administration	-	-	-	813,022
Closure/post-closure care costs	-	40,799	40,799	-
Total operating expenses	-	261,217	261,217	4,221,911
Operating income (loss)	-	(91,462)	(91,462)	138,220
NON-OPERATING INCOME				
Investment income	-	8	8	438
Total non-operating income	-	8	8	438
Income (loss) before transfers	-	(91,454)	(91,454)	138,658
TRANSFERS				
Transfers in	-	149,802	149,802	-
Total transfers	-	149,802	149,802	-
Change in net position	-	58,348	58,348	138,658
NET POSITION (DEFICIT), beginning of year	18,091	(61,697)	(43,606)	1,005,393
NET POSITION (DEFICIT), end of year	\$ 18,091	\$ (3,349)	\$ 14,742	\$ 1,144,051

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, 2022

	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	\$ -	\$ 172,051	\$ 172,051	\$ 4,378,582
Payments to suppliers	-	(227,387)	(227,387)	-
Payments for insurance claims	-	-	-	(4,136,788)
Payments to employees	-	(91,300)	(91,300)	-
Net cash provided by (used in) operating activities	-	(146,636)	(146,636)	241,794
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	149,802	149,802	-
Net cash provided by non-capital financing activities	-	149,802	149,802	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	8	8	438
Net cash provided by investing activities	-	8	8	438
Net increase in cash and cash equivalents	-	3,174	3,174	242,232
Cash and cash equivalents				
Beginning of year	-	7,679	7,679	1,202,688
End of year	\$ -	\$ 10,853	\$ 10,853	\$ 1,444,920

(Continued)

LEE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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):	\$ -	\$ (91,462)	\$ (91,462)	\$ 138,220
Increase in accounts receivable	-	-	-	(1,084)
Decrease in due from other funds	-	2,296	2,296	19,535
Decrease in accounts payable	-	(16,149)	(16,149)	-
Decrease in accrued expenses	-	(2,067)	(2,067)	-
Increase in claims payable	-	-	-	85,123
Decrease in compensated absences	-	(4,760)	(4,760)	-
Decrease in accrued closure/post-closure costs	-	(34,494)	(34,494)	-
	-	-	-	-
Net cash provided by (used in) operating activities	\$ -	\$ (146,636)	\$ (146,636)	\$ 241,794

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

LEE COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 854,911
Property taxes receivable	<u>307,359</u>
Total assets	<u>1,162,270</u>
LIABILITIES	
Due to others	548,402
Uncollected taxes	<u>307,359</u>
Total liabilities	<u>855,761</u>
NET POSITION	
Restricted for individuals, organizations and other governments	<u>\$ 306,509</u>

The accompanying notes are an integral part of these financial statements

LEE COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Fines and forfeitures	\$ 2,595,755
Taxes collected	27,879,828
Total additions	<u>30,475,583</u>
DEDUCTIONS	
Fines and fees disbursed	2,461,833
Taxes disbursed	27,822,132
Total deductions	<u>30,283,965</u>
Change in net position	191,618
Net position, beginning of year	<u>114,891</u>
Net position, end of year	<u>\$ 306,509</u>

The accompanying notes are an integral part of these financial statements

LEE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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 Parks and 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. The Development Authority provides services almost entirely to the benefit of the County and 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 Health Department (the “Health Department”) is governed by a seven-member board consisting of four members appointed by the County Commissioners. The Health Department is responsible for providing healthcare services for the citizens of Lee County. The County has the authority to modify and approve the Health Department’s budget. The Health Department has a June 30th year-end. The Health Department’s financial statements can be obtained by writing to the Lee County Health Department, 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 **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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 the Official Code of Georgia Annotated ("O.C.G.A.") §36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the Securities and Exchange Commission ("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.

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."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Leases

Lessee. The County is a lessee for noncancellable leases of equipment. The County recognizes a lease liability and an intangible right-to-use lease asset in its financial statements. The County recognizes all noncancellable lease liabilities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Leases (Continued)

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments:

- The County uses the implicit interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided or can be imputed, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with current and non-current liabilities on the statement of net position.

H. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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.

J. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

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.

K. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

- **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.

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, 2022, the Parks and Recreation Authority had net position of \$18,093.

L. 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, 2022, expenditures in the following funds' departments exceeded budget.

Department	Excess
General Fund:	
Elections	\$ 9,215
Utility billing	73,084
District attorney	7,469
Magistrate court	170
Public safety	2,303,563
Sheriff's department	114,290
Coroner	1,770
Animal control	10,043
Extension service	7,140
Health services	1,472
Recreation	25,044
Code enforcement	14,403
Planning and engineering	73,204
ARPA Fund:	
General and administrative	507,341
Drug Abuse Treatment and Education Fund:	
Public safety	2,991
District Attorney Forfeiture Fund:	
Judicial	2,862
Capital outlay	43,663
Law Library Fund:	
Judicial	26,634

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2022, the County held the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Georgia Fund 1	43-day weighted average	AAAf	\$ 24,035,383

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, 2022, 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, 2021. Bills are payable on or before December 20, 2021. The lien date for unpaid taxes is April 20, 2022. After that date, an interest penalty of 18% applies. The County bills and collects its own property taxes. Property taxes levied for 2021 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2022, and collected by August 31, 2022, are recognized as revenues in the year ended June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES (CONTINUED)

Receivables at June 30, 2022, for the County's individual major and nonmajor funds in the aggregate are as follows:

	General	ARPA	Nonmajor Governmental Funds	Parks and Recreation Authority	Solid Waste Fund	Total
Receivables:						
Taxes	\$ 104,463	\$ -	\$ -	\$ -	\$ -	\$ 104,463
Accounts	1,907,738	54,684	97,779	194,781	165	2,255,147
Gross receivables	2,012,201	54,684	97,779	194,781	165	2,359,610
Less allowance for uncollectibles	(1,415,906)	-	-	(176,690)	-	(1,592,596)
Net receivables	<u>\$ 596,295</u>	<u>\$ 54,684</u>	<u>\$ 97,779</u>	<u>\$ 18,091</u>	<u>\$ 165</u>	<u>\$ 767,014</u>

NOTE 5. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the fiscal year ended June 30, 2022 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	243,299	139,280	-	-	382,579
Total capital assets, not being depreciated	<u>7,108,857</u>	<u>139,280</u>	<u>-</u>	<u>-</u>	<u>7,248,137</u>
Capital assets, being depreciated:					
Buildings	23,628,619	-	-	-	23,628,619
Infrastructure	123,077,115	919,020	-	-	123,996,135
Improvements other than buildings	2,703,199	1,568,384	-	-	4,271,583
Machinery and equipment	13,542,486	3,617,897	-	-	17,160,383
Total capital assets, being depreciated	<u>162,951,419</u>	<u>6,105,301</u>	<u>-</u>	<u>-</u>	<u>169,056,720</u>
Less accumulated depreciation for:					
Buildings	(10,826,288)	(437,329)	-	-	(11,263,617)
Infrastructure	(63,684,827)	(1,907,541)	-	-	(65,592,368)
Improvements other than buildings	(1,929,012)	(409,794)	-	-	(2,338,806)
Machinery and equipment	(6,981,045)	(1,442,258)	-	-	(8,423,303)
Total accumulated depreciation	<u>(83,421,172)</u>	<u>(4,196,922)</u>	<u>-</u>	<u>-</u>	<u>(87,618,094)</u>
Total capital assets, being depreciated, net	<u>79,530,247</u>	<u>1,908,379</u>	<u>-</u>	<u>-</u>	<u>81,438,626</u>
Governmental activities capital assets, net	<u>\$ 86,639,104</u>	<u>\$ 2,047,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,686,763</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:			
General government	\$	180,786	
Judicial		70,920	
Public safety		444,811	
Public works		3,701,789	
Health and welfare		1,242	
Culture and recreation		97,205	
Total depreciation and amortization expense - governmental activities	\$	4,496,753	

Lease asset activity for the fiscal year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Lease assets:					
Leased equipment	\$ 1,256,613	\$ 145,525	\$ -	\$ -	\$ 1,402,138
Total	1,256,613	145,525	-	-	1,402,138
Less accumulated amortization for:					
Leased equipment	(534,098)	(299,831)	-	-	(833,929)
Total accumulated amortization	(534,098)	(299,831)	-	-	(833,929)
Total lease assets, net	\$ 722,515	\$ (154,306)	\$ -	\$ -	\$ 568,209

Business-type capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	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	\$ 163,000	\$ -	\$ -	\$ -	\$ 163,000

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

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, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Utilities Authority					
Capital assets, not being depreciated:					
Land	\$ 429,607	\$ 208,860	\$ -	\$ -	\$ 638,467
Construction in progress	248,910	685,513	-	-	934,423
Total capital assets, not being depreciated	<u>678,517</u>	<u>894,373</u>	<u>-</u>	<u>-</u>	<u>1,572,890</u>
Capital assets, being depreciated:					
Infrastructure	37,378,345	-	-	-	37,378,345
Machinery and equipment	1,081,218	33,400	-	-	1,114,618
Total	<u>38,459,563</u>	<u>33,400</u>	<u>-</u>	<u>-</u>	<u>38,492,963</u>
Less accumulated depreciation for:					
Infrastructure	(20,692,011)	(1,135,937)	-	-	(21,827,948)
Machinery and equipment	(832,104)	(40,322)	-	-	(872,426)
Total	<u>(21,524,115)</u>	<u>(1,176,259)</u>	<u>-</u>	<u>-</u>	<u>(22,700,374)</u>
Total capital assets, being depreciated, net	<u>16,935,448</u>	<u>(1,142,859)</u>	<u>-</u>	<u>-</u>	<u>15,792,589</u>
Utilities Authority capital assets, net	<u>\$ 17,613,965</u>	<u>\$ (248,486)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,365,479</u>

Lease asset activity for the Utilities Authority, a discretely presented component unit, for the fiscal year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Lease assets:					
Leased equipment	\$ -	\$ 63,195	\$ -	\$ -	\$ 63,195
Total	<u>-</u>	<u>63,195</u>	<u>-</u>	<u>-</u>	<u>63,195</u>
Less accumulated amortization for:					
Leased equipment	-	(17,399)	-	-	(17,399)
Total accumulated amortization	<u>-</u>	<u>(17,399)</u>	<u>-</u>	<u>-</u>	<u>(17,399)</u>
Total leased equipment, net	<u>\$ -</u>	<u>\$ 45,796</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,796</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, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Financed purchase from direct borrowing	\$ 650,044	\$ 2,238,116	\$ (212,007)	\$ 2,676,153	\$ 2,454,764
Lease liability	833,939	145,525	(255,480)	723,984	170,174
Net pension liability	2,186,356	1,494,618	(2,155,025)	1,525,949	-
Compensated absences	1,044,211	-	(13,177)	1,031,034	360,862
Governmental activities long-term liabilities	<u>\$ 4,714,550</u>	<u>\$ 3,878,259</u>	<u>\$ (2,635,689)</u>	<u>\$ 5,957,120</u>	<u>\$ 2,985,800</u>
Business-type activities:					
Landfill post-closure liability	\$ 207,698	\$ -	\$ (34,494)	\$ 173,204	\$ -
Compensated absences	8,248	-	(4,760)	3,488	2,023
Business-type activities long-term liabilities	<u>\$ 215,946</u>	<u>\$ -</u>	<u>\$ (39,254)</u>	<u>\$ 176,692</u>	<u>\$ 2,023</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.

Financed Purchase from Direct Borrowings

During fiscal year 2022, the County entered into a finance purchase agreement from direct borrowings with Motorola in the amount of \$2,238,116 to finance the purchase of radio equipment. The note is due in annual installments of \$1,119,058 beginning July 1, 2023 and continuing through July 1, 2024. The note is collateralized by the equipment.

During fiscal year 2020, the County financed the acquisition of various equipment. The agreements qualify as a finance purchase from direct borrowings for accounting purposes. The interest rate on the finance purchase agreement is 2.19%.

The County's total financed purchase debt service requirements to maturity are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,335,705	\$ 9,593	\$ 1,345,298
2024	1,340,450	4,848	1,345,298
	<u>\$ 2,676,155</u>	<u>\$ 14,441</u>	<u>\$ 2,690,596</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Lease Liabilities

The County enters into lease agreements for periods between one and five years as lessee for the use of certain equipment. The leases have an imputed interest rate of 2.41%.

Principal and interest requirements to maturity for the lease liabilities as of June 30, 2022 are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2023	\$ 170,174	\$ 18,497	\$ 188,671
2024	106,899	13,129	120,028
2025	446,911	6,150	453,061
	\$ 723,984	\$ 37,776	\$ 761,760

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 \$173,204, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

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, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Utilities Authority					
Revenue bonds	\$ 9,060,000	\$ -	\$ (255,000)	\$ 8,805,000	\$ 260,000
Direct placement bonds	6,862,456	-	(939,600)	5,922,856	675,000
Lease liability	-	63,195	(15,546)	47,649	17,315
Note payable from					
direct borrowing	652,531	952,760	(45,516)	1,559,775	45,813
Net pension liability	116,644	78,664	(114,808)	80,500	-
Compensated absences	69,868	-	(7,139)	62,729	21,955
Utilities Authority long-term liabilities	<u>\$ 16,761,499</u>	<u>\$ 1,094,619</u>	<u>\$ (1,377,609)</u>	<u>\$ 16,478,509</u>	<u>\$ 1,020,083</u>

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 County (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 (“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.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Revenue Bonds – Series 2015 Bonds (Continued)

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

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	538,589	103,964	642,553
2028 – 2032	2,916,217	278,870	3,195,087
2033	314,333	4,495	318,828
	<u>\$ 5,922,856</u>	<u>\$ 949,741</u>	<u>\$ 6,872,597</u>

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.

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

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	785,000	224,463	1,009,463
2028 – 2032	4,380,000	646,563	5,026,563
2033	990,000	19,800	1,009,800
	<u>\$ 8,805,000</u>	<u>\$ 1,996,251</u>	<u>\$ 10,801,251</u>

Note Payable from Direct Borrowing

In fiscal year 2018, the Lee County Utilities Authority entered into an agreement with 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 principal balance at June 30, 2022 was \$607,015.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Debt service requirements to maturity are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 45,813	\$ 3,660	\$ 49,473
2024	46,261	3,361	49,622
2025	46,263	3,059	49,322
2026	46,867	2,755	49,622
2027	47,172	2,450	49,622
2028 – 2032	240,514	7,596	248,110
2033 – 2035	110,807	842	111,649
	<u>\$ 583,697</u>	<u>\$ 23,723</u>	<u>\$ 607,420</u>

The Utilities Authority entered into a second agreement with GEFA in fiscal year 2022 to finance the cost of acquiring, constructing, and installing additions, extension, or improvements to the Utilities Authority's environmental facilities in the amount of up to \$1,230,000. The project is still in the draw down phase as of June 30, 2022. The outstanding balance at June 30, 2022 was \$952,760.

Lease Liabilities

The County enters into lease agreements for periods between one and five years as lessee for the use of certain equipment. The leases have an imputed interest rate of 2.41%.

Principal and interest requirements to maturity for the lease liabilities as of June 30, 2022 are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 17,315	\$ 723	\$ 18,038
2024	12,259	392	12,651
2025	9,794	218	10,012
2026	8,281	61	8,342
	<u>\$ 47,649</u>	<u>\$ 1,394</u>	<u>\$ 49,043</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2022 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	General Fund	\$ 1,027
General Fund	ARPA Fund	6,825
Solid Waste Fund	General Fund	90
		\$ 7,942

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
General Fund	Utilities Authority	\$ 5,336

Interfund transfers:

Transfers Out	Transfers In			Total
	General Fund	Nonmajor Governmental Funds	Solid Waste Fund	
General Fund	\$ -	\$ 535,657	\$ 149,802	\$ 685,459
Nonmajor Governmental Funds	30,000	-	-	30,000
	\$ 30,000	\$ 535,657	\$ 149,802	\$ 715,459

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 381 participants as follows:

Inactive plan members (or beneficiary) currently receiving benefits	32
Inactive plan members entitled to but not yet receiving benefits	106
Active plan members	243
Total	<u>381</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, 2022, the County's contribution was 6.58% of annual payroll. County contributions to the Plan were \$678,831 for the year ended June 30, 2022.

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, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2021, with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2021.

Net Pension Liability

Actuarial assumptions. The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.00% 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 2021.

The actuarial assumptions used in the January 1, 2021 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)

Actuarial assumptions (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, 2022 were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 12,459,639	\$ 10,156,639	\$ 2,303,000
Changes for the year:			
Service Cost	433,868	-	433,868
Interest	863,141	-	863,141
Differences between expected and actual experience	124,763	-	124,763
Assumption changes	22,823	-	22,823
Contributions - employer	-	678,831	(678,831)
Net investment income	-	1,591,002	(1,591,002)
Benefit payments, including refunds of employee contributions	(251,449)	(251,449)	-
Service credit transfer	(6,660)	(6,660)	-
Administrative expense	-	(66,351)	66,351
Other changes	-	(62,336)	62,336
Net changes	1,186,486	1,883,037	(696,551)
Balances at June 30, 2022	\$ 13,646,125	\$ 12,039,676	\$ 1,606,449
County's portion			\$ 1,525,949
Utilities Authority's portion			80,500
			\$ 1,606,449

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year 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 \$1,606,449 is allocated to governmental activities of the County and the 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	\$ 3,477,587	\$ 1,525,949	\$ (65,447)
Utilities Authority's Net Pension Liability	183,031	80,500	(3,445)
Total net pension liability	\$ 3,660,618	\$ 1,606,449	\$ (68,892)

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, 2021, 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, 2022, the County recognized pension expense of \$351,983. At June 30, 2022, 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	\$ -	\$ 1,214,030
Assumption changes	588,818	134,606
Differences between expected and actual experience of economic/demographic (gains)/losses	458,993	445,506
Total	\$ 1,047,811	\$ 1,794,142
County's portion	\$ 995,305	\$ 1,704,237
Utilities Authority's portion	52,506	89,905
Total	\$ 1,047,811	\$ 1,794,142

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:

<u>Year ending June 30,</u>	<u>Lee County</u>	<u>Lee County Utilities Authority</u>	<u>Total</u>
2023	\$ (281,920)	\$ (14,838)	\$ (296,758)
2024	(491,163)	(25,851)	(517,014)
2025	(292,695)	(15,405)	(308,100)
2026	(99,855)	(5,256)	(105,111)
2027	121,786	6,410	128,196
Thereafter	334,915	17,541	352,456
Total	<u>\$ (708,932)</u>	<u>\$ (37,399)</u>	<u>\$ (746,331)</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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. RISK MANAGEMENT (CONTINUED)

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:

	2022	2021
Unpaid claims, beginning of year	\$ 216,830	\$ 245,851
Incurred claims and changes in estimates	3,408,889	2,695,715
Claim payments	(3,323,766)	(2,724,736)
Unpaid claims, end of year	\$ 301,953	\$ 216,830

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.

NOTES TO FINANCIAL STATEMENTS

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, 2022, the County paid \$31,999 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 an 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, 2022 were \$8,254. No expenditures or transfers out were incurred during the fiscal year ended June 30, 2022.

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, 2022, the County did not have any such agreements, either entered into by the County or by other governments.

**REQUIRED SUPPLEMENTARY
INFORMATION**

LEE COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

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

	2022	2021	2020	2019
Total Pension Liability - Beginning of Year	\$ 12,459,639	\$ 11,149,310	\$ 9,753,229	\$ 8,915,388
Service Cost	433,868	417,182	380,411	426,394
Interest on the Total Pension Liability	863,141	773,251	682,726	642,257
Liability Experience (Gain)/Loss	124,763	303,954	(7,544)	202,821
Changes of Assumptions	22,823	21,692	520,084	(320,266)
Benefit Payments	(251,449)	(205,750)	(179,596)	(113,365)
Service Credit Transfer	(6,660)	-	-	-
Net Change in Total Pension Liability	1,186,486	1,310,329	1,396,081	837,841
Total Pension Liability - End of Year (a)	13,646,125	12,459,639	11,149,310	9,753,229
Plan Fiduciary Net Position - Beginning of Year	10,156,639	8,761,932	7,054,491	7,031,179
Contributions - Employer	678,831	523,000	499,653	551,592
Net Investment Income	1,591,002	1,193,755	1,489,761	(335,226)
Benefit Payments	(251,449)	(205,750)	(173,523)	(113,365)
Service Credit Transfer	(6,660)	-	-	-
Administrative Expenses	(66,351)	(62,947)	(59,944)	(47,679)
Other Receipts	(62,336)	(53,351)	(48,506)	(32,010)
Net Change in Plan Fiduciary Net Position	1,883,037	1,394,707	1,707,441	23,312
Plan Fiduciary Net Position - End of Year (b)	12,039,676	10,156,639	8,761,932	7,054,491
County's Net Pension Liability (a) - (b)	\$ 1,606,449	\$ 2,303,000	\$ 2,387,378	\$ 2,698,738
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.23%	81.52%	78.59%	72.33%
Covered Payroll	\$ 10,322,602	\$ 9,970,545	\$ 9,459,231	\$ 9,186,873
Net Pension Liability as a Percentage of the Covered Payroll	15.6%	23.1%	25.2%	29.4%

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

2018	2017	2016	2015
<u>\$ 8,644,381</u>	<u>\$ 7,816,878</u>	<u>\$ 6,465,814</u>	<u>\$ 5,646,475</u>
477,903	446,272	447,004	444,815
621,871	584,588	482,064	421,716
(715,688)	(506,941)	160,036	-
20,644	348,342	338,535	-
(133,723)	(44,758)	(76,575)	(47,192)
-	-	-	-
<u>271,007</u>	<u>827,503</u>	<u>1,351,064</u>	<u>819,339</u>
<u>8,915,388</u>	<u>8,644,381</u>	<u>7,816,878</u>	<u>6,465,814</u>
<u>5,698,869</u>	<u>4,848,328</u>	<u>4,325,599</u>	<u>3,687,107</u>
657,635	638,935	657,405	503,835
912,232	354,482	38,236	273,820
(133,723)	(44,758)	(76,575)	(47,192)
(49,348)	(49,420)	(48,186)	(47,622)
(54,486)	(48,698)	(48,151)	(44,349)
<u>1,332,310</u>	<u>850,541</u>	<u>522,729</u>	<u>638,492</u>
<u>7,031,179</u>	<u>5,698,869</u>	<u>4,848,328</u>	<u>4,325,599</u>
<u>\$ 1,884,209</u>	<u>\$ 2,945,512</u>	<u>\$ 2,968,550</u>	<u>\$ 2,140,215</u>
78.87%	65.93%	62.02%	66.90%
\$10,006,196	\$ 9,238,642	\$ 9,675,437	\$ 9,693,809
18.8%	31.9%	30.7%	22.1%

LEE COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

DEFINED BENEFIT RETIREMENT PLAN SCHEDULE OF COUNTY CONTRIBUTIONS

	2022	2021	2020	2019
Actuarially Determined Contribution	\$ 605,503	\$ 590,284	\$ 498,895	\$ 550,496
Actual Contributions During the Year	678,831	523,000	499,653	551,592
Contribution Deficiency/(Excess)	<u>\$ (73,328)</u>	<u>\$ 67,284</u>	<u>\$ (758)</u>	<u>\$ (1,096)</u>
Covered Payroll	\$ 10,322,602	\$ 9,970,545	\$ 9,459,231	\$ 9,186,873
Contributions as a Percentage of Covered Payroll	6.58%	5.25%	5.28%	6.00%

NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date	January 01, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a five-year smoothing period
Assumed Rate of Return on Investments	7.00%
Projected Salary Increases	2.00% - 4.00%
Amortization Period	Closed level dollar for unfunded liability
Inflation Rate	None remaining
Remaining Amortization Period	None remaining

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

2018	2017	2016	2015
\$ 638,157	\$ 605,393	\$ 601,121	\$ 611,182
657,635	638,935	657,405	503,835
<u>\$ (19,478)</u>	<u>\$ (33,542)</u>	<u>\$ (56,284)</u>	<u>\$ 107,347</u>
\$10,006,196	\$ 9,238,642	\$ 9,675,437	\$ 9,693,809
6.57%	6.92%	6.79%	5.20%

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULES**

LEE COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds			
	Drug Abuse Treatment and Education Fund	Jail Fund	District Attorney Forfeiture Fund	Law Library Fund
ASSETS				
Cash and cash equivalents	\$ 114,240	\$ 60,372	\$ 14,666	\$ 12,054
Investments	8,593	-	-	-
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	1,704	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 122,833</u>	<u>\$ 62,076</u>	<u>\$ 14,666</u>	<u>\$ 12,054</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Public safety	122,833	62,076	-	-
Judicial	-	-	14,666	12,054
Capital projects	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>122,833</u>	<u>62,076</u>	<u>14,666</u>	<u>12,054</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 122,833</u>	<u>\$ 62,076</u>	<u>\$ 14,666</u>	<u>\$ 12,054</u>

Special Revenue Funds					Projects Fund	
E-911 Fund	Special Assessment Fund	Hotel/Motel Tax Fund	Development Authority	Community Foundation	1% SPLOST VI BONY Advance Capital Projects Fund	Total
\$ 4,347	\$ 617,175	\$ 24,348	\$ 156,106	\$ 72,620	\$ 31	\$ 1,075,959
-	-	-	541,967	-	-	550,560
97,069	-	710	-	-	-	97,779
1,027	-	-	-	-	-	1,027
-	-	-	-	-	-	1,704
<u>\$ 102,443</u>	<u>\$ 617,175</u>	<u>\$ 25,058</u>	<u>\$ 698,073</u>	<u>\$ 72,620</u>	<u>\$ 31</u>	<u>\$ 1,727,029</u>
\$ 8,503	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,503
6,890	-	-	-	-	-	6,890
<u>15,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,393</u>
87,050	-	-	-	72,620	-	344,579
-	-	-	-	-	-	26,720
-	-	-	-	-	31	31
-	617,175	-	-	-	-	617,175
-	-	25,058	698,073	-	-	723,131
<u>87,050</u>	<u>617,175</u>	<u>25,058</u>	<u>698,073</u>	<u>72,620</u>	<u>31</u>	<u>1,711,636</u>
<u>\$ 102,443</u>	<u>\$ 617,175</u>	<u>\$ 25,058</u>	<u>\$ 698,073</u>	<u>\$ 72,620</u>	<u>\$ 31</u>	<u>\$ 1,727,029</u>

LEE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	Drug Abuse Treatment and Education Fund	Jail Fund	District Attorney Forfeiture Fund	Law Library Fund
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Fines and forfeitures	5,396	39,322	36,750	6,930
Investment income	78	35	7	15
Intergovernmental	-	-	-	-
Miscellaneous revenue	-	-	-	-
Total revenues	<u>5,474</u>	<u>39,357</u>	<u>36,757</u>	<u>6,945</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	10,936	3,720	-	-
Judicial	-	-	2,867	32,870
Economic development	-	-	-	-
Capital outlay	-	-	43,663	-
Total expenditures	<u>10,936</u>	<u>3,720</u>	<u>46,530</u>	<u>32,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,462)</u>	<u>35,637</u>	<u>(9,773)</u>	<u>(25,925)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(30,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(5,462)	5,637	(9,773)	(25,925)
Fund balances, beginning of	<u>128,295</u>	<u>56,439</u>	<u>24,439</u>	<u>37,979</u>
Fund balances, end of year	<u>\$ 122,833</u>	<u>\$ 62,076</u>	<u>\$ 14,666</u>	<u>\$ 12,054</u>

Special Revenue Funds					Capital Projects Fund 1% SPLOST VI BONY Advance Capital Projects Fund	Total
E-911 Fund	Special Assessment Fund	Hotel/Motel Tax Fund	Development Authority	Community Foundation		
\$ -	\$ -	\$ 8,254	\$ -	\$ -	\$ -	\$ 8,254
636,952	119,404	-	-	-	-	756,356
-	-	-	-	-	-	88,398
37	299	5	1,046	-	-	1,522
-	-	-	-	-	-	-
40,765	-	-	-	17,449	-	58,214
<u>677,754</u>	<u>119,703</u>	<u>8,259</u>	<u>1,046</u>	<u>17,449</u>	<u>-</u>	<u>912,744</u>
-	-	-	-	14,429	-	14,429
1,000,186	62,552	-	-	-	-	1,077,394
-	-	-	-	-	-	35,737
-	-	-	228,489	-	-	228,489
-	-	-	-	-	-	43,663
<u>1,000,186</u>	<u>62,552</u>	<u>-</u>	<u>228,489</u>	<u>14,429</u>	<u>-</u>	<u>1,399,712</u>
<u>(322,432)</u>	<u>57,151</u>	<u>8,259</u>	<u>(227,443)</u>	<u>3,020</u>	<u>-</u>	<u>(486,968)</u>
305,986	-	-	229,671	-	-	535,657
-	-	-	-	-	-	(30,000)
<u>305,986</u>	<u>-</u>	<u>-</u>	<u>229,671</u>	<u>-</u>	<u>-</u>	<u>505,657</u>
(16,446)	57,151	8,259	2,228	3,020	-	18,689
<u>103,496</u>	<u>560,024</u>	<u>16,799</u>	<u>695,845</u>	<u>69,600</u>	<u>31</u>	<u>1,692,947</u>
<u>\$ 87,050</u>	<u>\$ 617,175</u>	<u>\$ 25,058</u>	<u>\$ 698,073</u>	<u>\$ 72,620</u>	<u>\$ 31</u>	<u>\$ 1,711,636</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, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures	\$ 7,895	\$ 5,396	\$ (2,499)
Investment income	50	78	28
Total revenues	7,945	5,474	(2,471)
Expenditures			
Current:			
Public safety	7,945	10,936	(2,991)
Total expenditures	7,945	10,936	(2,991)
Net change in fund balance	-	(5,462)	(5,462)
Fund balance, beginning of year	128,295	128,295	-
Fund balance, end of year	\$ 128,295	\$ 122,833	\$ (5,462)

LEE COUNTY, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - JAIL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures	\$ 40,590	\$ 39,322	\$ (1,268)
Investment income	15	35	20
Total revenues	40,605	39,357	(1,248)
Expenditures			
Current:			
Public Safety	10,605	3,720	6,885
Total expenditures	10,605	3,720	6,885
Excess of revenues over expenditures	30,000	35,637	5,637
Other Financing Uses			
Transfers out	(30,000)	(30,000)	-
Net change in fund balance	-	5,637	5,637
Fund balance, beginning of year	56,439	56,439	-
Fund balance, end of year	\$ 56,439	\$ 62,076	\$ 5,637

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, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures	\$ -	\$ 36,750	\$ 36,750
Investment income	5	7	2
Total revenues	5	36,757	36,752
Expenditures			
Current:			
Judicial	5	2,867	(2,862)
Capital outlay	-	43,663	(43,663)
Total expenditures	5	46,530	(46,525)
Net change in fund balance	-	(9,773)	(9,773)
Fund balance, beginning of year	24,439	24,439	-
Fund balance, end of year	\$ 24,439	\$ 14,666	\$ (9,773)

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, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures	\$ 6,221	\$ 6,930	\$ 709
Investment income	15	15	-
Total revenues	6,236	6,945	709
Expenditures			
Current:			
Judicial	6,236	32,870	(26,634)
Total expenditures	6,236	32,870	(26,634)
Net change in fund balance	-	(25,925)	(25,925)
Fund balance, beginning of year	37,979	37,979	-
Fund balance, end of year	\$ 37,979	\$ 12,054	\$ (25,925)

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, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 636,100	\$ 636,952	\$ 852
Investment income	25	37	12
Miscellaneous revenue	12,250	40,765	28,515
Total revenues	648,375	677,754	29,379
Expenditures			
Current:			
Public safety	1,132,503	1,000,186	132,317
Total expenditures	1,132,503	1,000,186	132,317
Deficiency of revenues under expenditures	(484,128)	(322,432)	161,696
Other Financing Sources			
Transfers in	484,128	305,986	(178,142)
Net change in fund balance	-	(16,446)	(16,446)
Fund balance, beginning of year	103,496	103,496	-
Fund balance, end of year	\$ 103,496	\$ 87,050	\$ (16,446)

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, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 80,000	\$ 119,404	\$ 39,404
Investment income	172	299	127
Total revenues	80,172	119,703	39,531
Expenditures			
Current:			
Culture and recreation	80,172	62,552	17,620
Total expenditures	80,172	62,552	17,620
Net change in fund balance	-	57,151	57,151
Fund balance, beginning of year	560,024	560,024	-
Fund balance, end of year	\$ 560,024	\$ 617,175	\$ 57,151

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, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues			
Other taxes	\$ 3,252	\$ 8,254	\$ 5,002
Investment income	5	5	-
Total revenues	3,257	8,259	5,002
Expenditures			
Current:			
Economic development	3,257	-	3,257
Total expenditures	3,257	-	3,257
Net change in fund balance	-	8,259	8,259
Fund balance, beginning of year	16,799	16,799	-
Fund balance, end of year	\$ 16,799	\$ 25,058	\$ 8,259

LEE COUNTY, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - DEVELOPMENT AUTHORITY FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment income	\$ -	\$ 1,046	\$ 1,046
Total revenues	-	1,046	1,046
Expenditures			
Current:			
Economic development	247,171	228,489	18,682
Total expenditures	247,171	228,489	18,682
Deficiency of revenues under expenditures	(247,171)	(227,443)	19,728
Other Financing Sources			
Transfers in	247,171	229,671	(17,500)
Total other financing sources	247,171	229,671	(17,500)
Net change in fund balance	-	2,228	2,228
Fund balance, beginning of year	695,845	695,845	-
Fund balance, end of year	\$ 695,845	\$ 698,073	\$ 2,228

LEE COUNTY, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - COMMUNITY DEVELOPMENT FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Miscellaneous revenue	\$ 50,000	\$ 17,449	\$ (32,551)
Total revenues	<u>50,000</u>	<u>17,449</u>	<u>(32,551)</u>
Expenditures			
Current:			
General government	50,000	14,429	35,571
Total expenditures	<u>50,000</u>	<u>14,429</u>	<u>35,571</u>
Net change in fund balance	-	3,020	3,020
Fund balance, beginning of year	69,600	69,600	-
Fund balance, end of year	<u>\$ 69,600</u>	<u>\$ 72,620</u>	<u>\$ 3,020</u>

LEE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	\$ 1,887,317	\$ 1,192,954	\$ 3,080,271	59%
Courthouse - security, renovations and records	250,000	-	-	-	0%
Water and sewer system projects	750,000	160,788	9,840	170,628	23%
Roads, streets and bridges	4,535,053	51,671	383,436	435,107	10%
Library projects	250,000	14,583	26,222	40,805	16%
911 back-up center	500,000	-	-	-	0%
Stormwater projects	500,000	126,637	56,858	183,495	37%
Public works - renovations and equipment	1,070,884	-	-	-	0%
Public facilities - renovations and GIS	1,000,000	283,163	927,205	1,210,368	100%
Recreation projects	3,186,000	201,963	137,367	339,330	11%
Information technology projects	1,000,000	-	-	-	0%
City of Leesburg	2,130,459	783,315	519,842	1,303,157	61%
City of Smithville	422,760	155,438	103,155	258,593	61%
Total expenditures	<u>\$ 20,825,603</u>	<u>\$ 3,664,875</u>	<u>\$ 3,356,879</u>	<u>\$ 7,021,754</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, 2022

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	\$ 6,035,569	\$ -	\$ 6,035,569	100%
Courthouse - security, renovations and records	500,000	668,623	-	668,623	100%
Water and sewer system projects	2,250,000	1,203,409	-	1,203,409	53%
Roads, streets and bridges	10,738,760	9,715,089	-	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	703,195	-	703,195	100%
Public works - renovations and equipment	250,000	336,767	-	336,767	100%
Public facilities - renovations and GIS	250,000	1,050,613	-	1,050,613	100%
Recreation projects	1,750,000	230,358	-	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>\$ 28,511,098</u>	<u>\$ -</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, 2022

Project Description	Original Estimated Costs	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Roads, streets and bridges	\$ 16,995,017	\$ 4,527,870	\$ 3,604,262	\$ 8,132,132	48%
Total expenditures	\$ 16,995,017	\$ 4,527,870	\$ 3,604,262	\$ 8,132,132	

LEE COUNTY, GEORGIA

PROJECT COST SCHEDULE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CDBG Grant 18p-y-08-1-6001

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>

CDBG Grant 21p-y-088-1-6221

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)
Water Facilities	P-03J-01	\$ 441,139	\$ -	\$ -	\$ -	\$ -
Administration	A-21A-00	28,145	6,000	-	6,000	-
		<u>\$ 469,284</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ -</u>

LEE COUNTY, GEORGIA

SOURCE AND APPLICATION OF FUNDS SCHEDULE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 2022 Funds Held by Recipient	-
I	Total Fiscal Year 2021 CDBG Awarded to Recipient	\$ 436,457
II	Total Amount Drawdown by Recipient	-
III	Less: CDBG Funds Expended by Recipient	6,000
IV	Amount of Fiscal Year 2021 Funds Held by Recipient	-

LEE COUNTY, GEORGIA
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022

	Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff	Total Custodial Funds
ASSETS						
Cash and cash equivalents	\$ 129,366	\$ 17,674	\$ 518,131	\$ 14,230	\$ 175,510	\$ 854,911
Property taxes receivable	-	-	307,359	-	-	307,359
Total assets	\$ 129,366	\$ 17,674	\$ 825,490	\$ 14,230	\$ 175,510	\$ 1,162,270
LIABILITIES						
Due to others	\$ 70,098	\$ 6,812	\$ 460,435	\$ 2,456	\$ 8,601	\$ 548,402
Uncollected taxes	-	-	307,359	-	-	307,359
Total liabilities	\$ 70,098	\$ 6,812	\$ 767,794	\$ 2,456	\$ 8,601	\$ 855,761
NET POSITION						
Restricted for individuals, organizations and other governments	\$ 59,268	\$ 10,862	\$ 57,696	\$ 11,774	\$ 166,909	\$ 306,509

LEE COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff	Total Custodial Funds
ADDITIONS						
Fines and forfeitures	\$ 1,705,216	\$ 438,555	\$ -	\$ 155,769	\$ 296,215	\$ 2,595,755
Taxes collected	-	-	27,879,828	-	-	27,879,828
Total additions	<u>1,705,216</u>	<u>438,555</u>	<u>27,879,828</u>	<u>155,769</u>	<u>296,215</u>	<u>30,475,583</u>
DEDUCTIONS						
Fines and fees disbursed	1,680,766	414,397	-	143,995	222,675	2,461,833
Taxes disbursed	-	-	27,822,132	-	-	27,822,132
Total deductions	<u>1,680,766</u>	<u>414,397</u>	<u>27,822,132</u>	<u>143,995</u>	<u>222,675</u>	<u>30,283,965</u>
Change in net position	24,450	24,158	57,696	11,774	73,540	191,618
Net position, beginning of year	<u>34,818</u>	<u>(13,296)</u>	<u>-</u>	<u>-</u>	<u>93,369</u>	<u>114,891</u>
Net position, end of year	<u>\$ 59,268</u>	<u>\$ 10,862</u>	<u>\$ 57,696</u>	<u>\$ 11,774</u>	<u>\$ 166,909</u>	<u>\$ 306,509</u>

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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 29, 2022. Our report includes a reference to other auditors who audited the financial statements of the Lee County Health Department 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.

Report on 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.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be material weaknesses.

Report on 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

Government Auditing Standards require the auditor to perform limited procedures on Lee County, Georgia's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. 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
December 29, 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
*Opinion on 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, 2022. 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.

In our opinion, the County complied, in all material respects, with the 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, 2022

The County's basic financial statements include the operations of the Lee County Health Department and the Lee County Development Authority, which received federal awards which are not included in the Schedule of Expenditures of Federal Awards of the County for the year ended June 30, 2022. Our audit, described below, did not include the operations of the Lee County Health Department and the Lee County Development Authority as the component units engaged other auditors to perform audits in accordance with the Uniform Guidance.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards general accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* is issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances

- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Mauldin & Jenkins, LLC

Macon, Georgia
December 29, 2022

LEE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Agency/ Pass-through Entity/Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Federal Expenditures	Passed through to Subrecipients
U.S. Department of Treasury				
Passed through Georgia Office of Planning and Budget:				
COVID-19 - American Rescue Plan Act	21.027	N/A	\$ 507,341	\$ -
Total U.S. Department of Treasury			507,341	-
U.S. Department of Housing and Urban Development				
Passed through Georgia Department of Community Affairs:				
CDBG - Entitlement Grant Cluster	14.218	21p-y-088-1-6221	6,000	-
Total U.S. Department of Housing and Urban Development			6,000	-
U.S. Environmental Protection Agency				
Passed through Georgia Environmental Finance Authority:				
Drinking Water State Revolving Fund ("DWSRF") Cluster	66.468	DW2017022	919,177	-
Total U.S. Environmental Protection Agency			919,177	-
Total Expenditures of Federal Awards			\$ 1,432,518	\$ -

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, 2022

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, 2022.

NOTE 3. NON-CASH AWARDS

The County did not receive non-cash federal awards during the year ended June 30, 2022.

NOTE 4. SUBRECIPIENTS

The County did not pass through any funds to subrecipients during the year ended June 30, 2022.

LEE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

66.468

Name of Federal Program or Cluster

Drinking Water State Revolving Fund
("DWSRF") Cluster

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

\$750,000

Auditee qualified as low risk auditee?

Yes No

LEE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2022 – 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, 2022, 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.

LEE COUNTY, GEORGIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

None reported.

LEE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2022

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.

Auditee Response/Status: Unresolved – see current year finding 2022 – 001.

2021 – 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, 2021. Additionally, we noted several invoices not recorded as accounts payable as of June 30, 2021 in the Solid Waste Fund and the Utilities Authority that were for goods received or services performed prior to June 30, 2021, but paid subsequent to year-end.

Auditee Response/Status: Resolved in the current year.

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.

Auditee Response/Status: Resolved in the current year.



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, 2022

2022-001 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, 2023

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
Chris Guarnieri
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



December 29, 2022

Ms. Heather Jones
Lee County Board of Commissioners
102 Starksville Avenue North
Leesburg, Georgia 31763

Dear Heather:

We are enclosing eight (8) copies of the Financial Report of Lee County, Georgia for the fiscal year ended June 30, 2022, along with one (2) copies of our Auditor's Discussion & Analysis (AD&A) and one (1) copy of the Management Letter.

Thank you for allowing us to serve you. If you have any questions, please call.

Sincerely,

MAULDIN & JENKINS, LLC

A handwritten signature in black ink, appearing to read "Justin Elliott". The signature is fluid and cursive, with a long horizontal stroke at the end.

Justin Elliott

JE:sh
Enclosures