

LEE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

LEE COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the American Rescue Plan Act ("ARPA") 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 3.38% of the assets and deferred outflows of resources, 3.52% of the net position, and 21.02% of the revenues of the aggregate discretely presented component units, or the Lee County Development Authority which represents 39.06% of the assets, 39.22% of the fund balance and 1.79% 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 and Related Ratios (on pages 54 and 55), and the Schedule of County Contributions (on pages 56 and 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 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.

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 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 14, 2023 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 14, 2023

BASIC FINANCIAL STATEMENTS

LEE COUNTY, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Health Department	Utilities Authority
ASSETS					
Cash and cash equivalents:	\$ 12,019,535	\$ 21,622	\$ 12,041,157	\$ 861,355	\$ 2,604,625
Investments	31,118,692	-	31,118,692	-	-
Accounts receivable, net	802,990	19,704	822,694	-	115,868
Property tax receivable	130,605	-	130,605	-	-
Interfund balances	2,503	(2,503)	-	-	-
Due from component unit	32,207	-	32,207	-	-
Due from other governments	1,454,620	-	1,454,620	114,277	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	346,128
Investments	-	-	-	-	10,312,476
OPEB asset - SEAD	-	-	-	79,605	-
Capital assets:					
Right-to-use lease, net of accumulated amortization	1,005,300	-	1,005,300	-	28,534
Nondepreciable	7,248,137	163,000	7,411,137	-	1,994,023
Depreciable	79,945,765	-	79,945,765	27,236	14,672,966
Total assets	<u>133,760,354</u>	<u>201,823</u>	<u>133,962,177</u>	<u>1,082,473</u>	<u>30,074,620</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	-	-	86,934
Pension items	2,971,309	-	2,971,309	537,133	118,708
OPEB items	-	-	-	101,388	-
Total deferred outflows of resources	<u>2,971,309</u>	<u>-</u>	<u>2,971,309</u>	<u>638,521</u>	<u>205,642</u>
LIABILITIES					
Accounts payable	969,184	16,041	985,225	40,043	114,334
Due to other governments	51,965	-	51,965	-	-
Accrued liabilities	235,182	997	236,179	-	343,196
Due to primary government	-	-	-	-	32,207
Unearned revenue	3,307,451	-	3,307,451	-	17,899
Customer deposits	-	-	-	-	615,342
Claims payable	159,903	-	159,903	-	-
Notes payable, due within one year	-	-	-	-	93,020
Notes payable, due in more than one year	-	-	-	-	1,505,855
Financed purchase, due within one year	1,340,448	-	1,340,448	-	-
Lease liabilities, due within one year	184,216	-	184,216	-	12,278
Lease liabilities, due in more than one year	1,104,987	-	1,104,987	-	18,056
Bonds payable, due within one year	-	-	-	-	1,293,581
Bonds payable, due in more than one year	-	-	-	-	21,834,275
Compensated absences, due within one year	381,934	1,586	383,520	9,931	26,165
Compensated absences, due in more than one year	709,306	3,079	712,385	89,378	48,593
Net pension liability	4,254,446	-	4,254,446	1,237,520	245,880
Net OPEB liability - SHBP	-	-	-	76,631	-
Closure and post-closure care	-	138,710	138,710	-	-
Total liabilities	<u>12,699,022</u>	<u>160,413</u>	<u>12,859,435</u>	<u>1,453,503</u>	<u>26,200,681</u>
DEFERRED INFLOWS OF RESOURCES					
Pension items	1,282,647	-	1,282,647	25,699	21,114
OPEB items	-	-	-	93,686	-
Total deferred inflows of resources	<u>1,282,647</u>	<u>-</u>	<u>1,282,647</u>	<u>119,385</u>	<u>21,114</u>
NET POSITION					
Net investment in capital assets	85,569,551	163,000	85,732,551	27,236	2,337,868
Restricted for:					
Capital projects	15,306,276	-	15,306,276	-	-
Other uses	1,845,936	-	1,845,936	534,207	-
Unrestricted (deficit)	20,028,231	(121,590)	19,906,641	(413,337)	1,720,599
Total net position	<u>\$ 122,749,994</u>	<u>\$ 41,410</u>	<u>\$ 122,791,404</u>	<u>\$ 148,106</u>	<u>\$ 4,058,467</u>

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

LEE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 10,925,276	\$ 5,947,851	\$ 2,960,979	\$ 3,988
Court system	2,660,640	7,125	-	136
Public safety	14,601,158	703,084	62,380	1,675
Public works	6,336,723	539,909	627,425	477,346
Health and welfare	443,055	-	-	-
Culture and recreation	1,246,354	-	-	-
Housing and development	1,403,428	15,000	-	1,507
Interest on long-term debt	53,078	-	-	-
Total governmental activities	37,669,712	7,212,969	3,650,784	484,652
Business-type activities:				
Solid waste	320,865	159,722	-	-
Total business-type activities	320,865	159,722	-	-
Total primary government	\$ 37,990,577	\$ 7,372,691	\$ 3,650,784	\$ 484,652
Component units				
Health Department	\$ 1,239,917	\$ 455,172	\$ 793,440	\$ -
Utilities Authority	4,785,114	4,488,044	-	-
Total component units	\$ 6,025,031	\$ 4,943,216	\$ 793,440	\$ -
General revenues:				
Property taxes				
Sales taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Special item -- development stoppage of				
Lee County Medical Center				
Transfers				
Total general revenues, special item and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

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

Governmental Activities	Business-type Activities	Total	Component Units	
			Health Department	Utilities Authority
\$ (2,012,458)	\$ -	\$ (2,012,458)	\$ -	\$ -
(2,653,379)	-	(2,653,379)	-	-
(13,834,019)	-	(13,834,019)	-	-
(4,692,043)	-	(4,692,043)	-	-
(443,055)	-	(443,055)	-	-
(1,246,354)	-	(1,246,354)	-	-
(1,386,921)	-	(1,386,921)	-	-
(53,078)	-	(53,078)	-	-
<u>(26,321,307)</u>	<u>-</u>	<u>(26,321,307)</u>	<u>-</u>	<u>-</u>
-	(161,143)	(161,143)	-	-
-	(161,143)	(161,143)	-	-
<u>(26,321,307)</u>	<u>(161,143)</u>	<u>(26,482,450)</u>	<u>-</u>	<u>-</u>
-	-	-	8,695	-
-	-	-	-	(297,070)
<u>-</u>	<u>-</u>	<u>-</u>	<u>8,695</u>	<u>(297,070)</u>
17,017,722	-	17,017,722	-	-
13,509,943	-	13,509,943	-	-
2,736,042	-	2,736,042	-	-
577,091	115	577,206	-	204,273
59,360	-	59,360	-	-
(742,668)	-	(742,668)	-	-
(187,696)	187,696	-	-	-
<u>32,969,794</u>	<u>187,811</u>	<u>33,157,605</u>	<u>-</u>	<u>204,273</u>
6,648,487	26,668	6,675,155	8,695	(92,797)
116,101,507	14,742	116,116,249	139,411	4,151,264
<u>\$ 122,749,994</u>	<u>\$ 41,410</u>	<u>\$ 122,791,404</u>	<u>\$ 148,106</u>	<u>\$ 4,058,467</u>

LEE COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2023

	General Fund	1% SPLOST VII Fund	TSPLOST Fund
ASSETS			
Cash and cash equivalents	\$ 5,775,437	\$ 960	\$ 12,331
Investments	15,922,280	8,841,642	5,802,551
Accounts receivable, net	593,573	-	-
Property tax receivable	130,605	-	-
Due from component unit	32,207	-	-
Due from other funds	5,397	-	-
Due from other governments	435,322	552,601	460,713
Total assets	\$ 22,894,821	\$ 9,395,203	\$ 6,275,595
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 627,416	\$ 100,896	\$ 211,692
Accrued liabilities	226,929	-	-
Due to other funds	18,075	-	-
Unearned revenue	25,000	-	-
Due to other governments	-	51,965	-
Total liabilities	897,420	152,861	211,692
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	104,381	-	-
Total deferred inflows of resources	104,381	-	-
FUND BALANCES			
Restricted for:			
Judicial	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Economic development	-	-	-
Capital projects	-	9,242,342	6,063,903
Unassigned	21,893,020	-	-
Total fund balances	21,893,020	9,242,342	6,063,903
Total liabilities, deferred inflows of resources and fund balances	\$ 22,894,821	\$ 9,395,203	\$ 6,275,595

ARPA Fund	Nonmajor Governmental Funds	Total
\$ 3,544,964	\$ 1,194,499	\$ 10,528,191
-	552,219	31,118,692
107,503	98,928	800,004
-	-	130,605
-	-	32,207
-	1,996	7,393
-	5,984	1,454,620
<u>\$ 3,652,467</u>	<u>\$ 1,853,626</u>	<u>\$ 44,071,712</u>

\$ 29,077	\$ 103	\$ 969,184
697	7,556	235,182
2,894	-	20,969
3,282,451	-	3,307,451
-	-	51,965
<u>3,315,119</u>	<u>7,659</u>	<u>4,584,751</u>

-	-	104,381
-	-	104,381

-	24,632	24,632
-	423,665	423,665
-	640,343	640,343
337,348	757,296	1,094,644
-	31	15,306,276
-	-	21,893,020
<u>337,348</u>	<u>1,845,967</u>	<u>39,382,580</u>
<u>\$ 3,652,467</u>	<u>\$ 1,853,626</u>	<u>\$ 44,071,712</u>

LEE COUNTY, GEORGIA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023

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

Total fund balances - governmental funds	\$ 39,382,580
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	88,199,202
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	104,381
Deferred outflows of resources related to pensions are not available to pay for period expenditures and, therefore, are not reported in the governmental funds.	2,971,309
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Lease liabilities	(1,289,203)
Financed purchases	(1,340,448)
Compensated absences	(1,091,240)
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.	1,350,506
The net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds.	(4,254,446)
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.	(1,282,647)
Net position of governmental activities	<u>\$ 122,749,994</u>

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

LEE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	1% SPLOST VII Fund	TSPLOST Fund
Revenues			
Property taxes	\$ 17,082,895	\$ -	\$ -
Sales taxes	4,368,254	5,138,786	4,043,832
Other taxes	2,728,040	-	-
Licenses and permits	369,950	-	-
Charges for services	4,949,537	-	-
Fines and forfeitures	811,598	-	-
Investment income	577,086	276,455	200,896
Intergovernmental	475,393	-	627,425
Other revenues	130,734	-	-
Total revenues	31,493,487	5,415,241	4,872,153
Expenditures			
Current:			
General government	8,347,872	-	-
Judicial	1,754,268	-	-
Public safety	12,882,365	-	-
Public works	2,060,834	-	-
Health and welfare	434,426	-	-
Culture and recreation	1,274,172	-	-
Economic development	1,195,165	-	-
Intergovernmental	-	614,232	-
Capital outlay	-	2,145,893	3,166,089
Debt service:			
Principal	1,119,058	445,828	-
Interest	-	53,078	-
Total expenditures	29,068,160	3,259,031	3,166,089
Excess (deficiency) of revenues over (under) expenditures	2,425,327	2,156,210	1,706,064
Other financing sources (uses)			
Transfers in	1,149,058	-	-
Transfers out	(1,626,747)	-	-
Leases issued	-	794,400	-
Sale of capital assets	59,360	-	-
Total other financing sources (uses), net	(418,329)	794,400	-
Special item:			
Development stoppage of the Lee County Medical Center	-	-	-
Net change in fund balances	2,006,998	2,950,610	1,706,064
Fund balances, beginning of year	19,886,022	6,291,732	4,357,839
Fund balances, end of year	\$ 21,893,020	\$ 9,242,342	\$ 6,063,903

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

ARPA Fund	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 17,082,895
-	-	13,550,872
-	8,002	2,736,042
-	-	369,950
-	743,491	5,693,028
-	60,838	872,436
23,390	7,306	1,085,133
2,462,196	62,380	3,627,394
-	42,440	173,174
<u>2,485,586</u>	<u>924,457</u>	<u>45,190,924</u>
260,092	13,513	8,621,477
-	21,084	1,775,352
-	1,213,649	14,096,014
-	-	2,060,834
-	-	434,426
-	-	1,274,172
-	208,263	1,403,428
-	-	614,232
784,293	-	6,096,275
-	-	1,564,886
-	-	53,078
<u>1,044,385</u>	<u>1,456,509</u>	<u>37,994,174</u>
<u>1,441,201</u>	<u>(532,052)</u>	<u>7,196,750</u>
-	1,439,051	2,588,109
(1,119,058)	(30,000)	(2,775,805)
-	-	794,400
-	-	59,360
<u>(1,119,058)</u>	<u>1,409,051</u>	<u>666,064</u>
-	(742,668)	(742,668)
322,143	134,331	7,120,146
15,205	1,711,636	32,262,434
<u>\$ 337,348</u>	<u>\$ 1,845,967</u>	<u>\$ 39,382,580</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, 2023

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

Net change in fund balances - total governmental funds \$ 7,120,146

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	3,704,135
Total amortization expense	(357,309)
Total depreciation expense	(4,402,596)

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	1,335,705
Principal repayments - leases	229,181
Issuance of leases	(794,400)

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. (1,721)

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. 206,455

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	(60,206)
Change in net pension liability and related deferred inflows/outflows	(330,903)

Change in net position of governmental activities \$ 6,648,487

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 17,221,200	\$ 17,370,378	\$ 17,082,895	\$ (287,483)
Sales taxes	4,012,900	4,012,900	4,368,254	355,354
Other taxes	2,424,236	2,712,602	2,728,040	15,438
Licenses and permits	330,525	383,850	369,950	(13,900)
Intergovernmental	8,489	451,241	475,393	24,152
Charges for services	4,615,918	4,662,444	4,949,537	287,093
Fines and forfeitures	638,662	674,914	811,598	136,684
Interest income	11,050	552,925	577,086	24,161
Other revenues	143,516	206,837	130,734	(76,103)
Total revenues	29,406,496	31,028,091	31,493,487	465,396
Expenditures				
Current				
General government:				
County commissioners	1,480,114	2,567,664	1,860,369	707,295
County manager	781,277	783,304	629,640	153,664
Elections	365,786	392,122	376,761	15,361
Information technology	443,190	479,200	461,304	17,896
Tax commissioner	456,616	477,744	457,777	19,967
Tax assessor	544,121	544,120	423,025	121,095
Building and grounds	1,047,717	1,002,640	780,690	221,950
Utility billing	3,155,985	3,360,828	3,358,306	2,522
Total general government	8,274,806	9,607,622	8,347,872	1,259,750
Judicial:				
Superior court	652,530	658,008	597,961	60,047
District attorney	126,386	127,662	127,662	-
Magistrate court	391,753	391,753	384,667	7,086
Probate court	285,472	296,884	293,056	3,828
Juvenile court	103,700	103,700	92,732	10,968
Public defender	228,098	234,416	258,190	(23,774)
Total judicial	1,787,939	1,812,423	1,754,268	58,155

(Continued)

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, 2023

Expenditures (Continued)	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Current (Continued)				
Public safety:				
Public safety	\$ 5,557,222	\$ 5,600,000	\$ 5,633,180	\$ (33,180)
Sheriff's department	4,547,887	4,580,221	4,365,404	214,817
Jail	2,605,814	2,605,814	2,535,626	70,188
Coroner	44,295	54,162	49,918	4,244
Animal control	253,600	305,168	298,237	6,931
Total public safety	13,008,818	13,145,365	12,882,365	263,000
Public works:				
Public works	2,430,120	2,430,120	2,060,834	369,286
Health and welfare:				
Department of Family and Children Services	16,000	16,000	16,000	-
Extension service	92,056	95,869	95,392	477
Health services	323,895	323,895	323,034	861
Total health and welfare	431,951	435,764	434,426	1,338
Culture and recreation:				
Recreation	567,593	593,900	608,232	(14,332)
Library	687,540	687,540	665,940	21,600
Total culture and recreation	1,255,133	1,281,440	1,274,172	7,268
Housing and development:				
Code enforcement	321,955	355,755	344,398	11,357
Economic development	221,408	221,414	3,606	217,808
Planning and engineering	467,399	491,410	409,480	81,930
Building inspections	537,820	537,820	437,681	100,139
Total housing and development	1,548,582	1,606,399	1,195,165	411,234
Debt service:				
Principal	-	1,119,058	1,119,058	-
Total debt service	-	1,119,058	1,119,058	-
Total expenditures	28,737,349	31,438,191	29,068,160	2,370,031
Excess (deficiency) of revenues over expenditures	669,147	(410,100)	2,425,327	2,835,427

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Other financing sources (uses)				
Sale of capital assets	\$ -	\$ 60,189	\$ 59,360	\$ (829)
Transfers in	30,000	1,149,058	1,149,058	-
Transfers out	(699,147)	(799,147)	(1,626,747)	(827,600)
Total other financing sources (uses)	(669,147)	410,100	(418,329)	(828,429)
Net change in fund balances	-	-	2,006,998	2,006,998
Fund balance, beginning of year	19,886,022	19,886,022	19,886,022	-
Fund balance, end of year	\$ 19,886,022	\$ 19,886,022	\$ 21,893,020	\$ 2,006,998

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 2,462,196	\$ 2,462,196
Interest income	-	-	23,390	23,390
Total revenues	-	-	2,485,586	2,485,586
Expenditures				
Current:				
General government	-	-	260,092	(260,092)
Capital outlay	-	-	784,293	(784,293)
Total expenditures	-	-	1,044,385	(1,044,385)
Excess of revenues over expenditures	-	-	1,441,201	1,441,201
Other financing uses				
Transfers out			(1,119,058)	(1,119,058)
Total other financing uses	-	-	(1,119,058)	(1,119,058)
Net change in fund balances	-	-	322,143	322,143
Fund balance, beginning of year	15,205	15,205	15,205	-
Fund balance, end of year	\$ 15,205	\$ 15,205	\$ 337,348	\$ 322,143

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

LEE COUNTY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ -	\$ 21,622	\$ 21,622	\$ 1,491,344
Accounts receivable, net of allowances	18,091	1,613	19,704	2,986
Due from other funds	-	-	-	16,079
Total current assets	18,091	23,235	41,326	1,510,409
NON-CURRENT ASSETS				
Capital assets:				
Nondepreciable	-	163,000	163,000	-
Total non-current assets	-	163,000	163,000	-
Total assets	18,091	186,235	204,326	1,510,409
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	-	16,041	16,041	-
Accrued expenses	-	997	997	-
Due to other funds	-	2,503	2,503	-
Claims payable	-	-	-	159,903
Current portion - compensated absences	-	1,586	1,586	-
Total current liabilities	-	21,127	21,127	159,903
LONG-TERM LIABILITIES				
Compensated absences, net of current portion	-	3,079	3,079	-
Accrued landfill closure/post-closure care costs	-	138,710	138,710	-
Total long-term liabilities	-	141,789	141,789	-
Total liabilities	-	162,916	162,916	159,903
NET POSITION				
Net investment in capital assets	-	163,000	163,000	-
Unrestricted (deficit)	18,091	(139,681)	(121,590)	1,350,506
Total net position	\$ 18,091	\$ 23,319	\$ 41,410	\$ 1,350,506

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, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ -	\$ 159,722	\$ 159,722	\$ 3,925,954
Miscellaneous	-	-	-	247,676
Total operating revenues	-	159,722	159,722	4,173,630
OPERATING EXPENSES				
Salaries and benefits	-	93,387	93,387	-
Cost of sales and services	-	196,006	196,006	-
Claims	-	-	-	2,826,805
Administration	-	-	-	1,147,465
Closure/post-closure care costs	-	31,472	31,472	-
Total operating expenses	-	320,865	320,865	3,974,270
Operating income (loss)	-	(161,143)	(161,143)	199,360
NON-OPERATING INCOME				
Investment income	-	115	115	7,095
Total non-operating income	-	115	115	7,095
Income (loss) before transfers	-	(161,028)	(161,028)	206,455
TRANSFERS				
Transfers in	-	187,696	187,696	-
Total transfers	-	187,696	187,696	-
Change in net position	-	26,668	26,668	206,455
NET POSITION (DEFICIT), beginning of year	18,091	(3,349)	14,742	1,144,051
NET POSITION, end of year	\$ 18,091	\$ 23,319	\$ 41,410	\$ 1,350,506

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, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ -	\$ 160,867	\$ 160,867	\$ 4,155,649
Payments to suppliers	-	(245,931)	(245,931)	-
Payments for insurance claims	-	-	-	(4,116,320)
Payments to employees	-	(91,978)	(91,978)	-
Net cash provided by (used in) operating activities	-	(177,042)	(177,042)	39,329
CASH FLOWS FROM NON-CAPITAL FINANCING				
Transfers from other funds	-	187,696	187,696	-
activities	-	187,696	187,696	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	115	115	7,095
Net cash provided by investing activities	-	115	115	7,095
equivalents	-	10,769	10,769	46,424
Cash and cash equivalents				
Beginning of year	-	10,853	10,853	1,444,920
End of year	\$ -	\$ 21,622	\$ 21,622	\$ 1,491,344

(Continued)

LEE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities
	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):	\$ -	\$ (161,143)	\$ (161,143)	\$ 199,360
Increase (decrease) in accounts receivable	-	(1,448)	(1,448)	(1,902)
Decrease in due from other funds	-	90	90	(16,079)
Increase in accounts payable	-	16,041	16,041	-
Increase in accrued expenses	-	232	232	-
Increase in due to other funds	-	2,503	2,503	-
Decrease in claims payable	-	-	-	(142,050)
Increase in compensated absences	-	1,177	1,177	-
Decrease in accrued closure/post-closure costs	-	(34,494)	(34,494)	-
Net cash provided by (used in) operating activities	\$ -	\$ (177,042)	\$ (177,042)	\$ 39,329

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, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 938,531
Property taxes receivable	<u>214,796</u>
Total assets	<u>1,153,327</u>
LIABILITIES	
Due to others	532,521
Uncollected taxes	<u>214,796</u>
Total liabilities	<u>747,317</u>
NET POSITION	
Restricted for individuals, organizations and other governments	<u>\$ 406,010</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, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Fines and forfeitures	\$ 2,560,456
Taxes collected	24,846,001
Total additions	<u>27,406,457</u>
DEDUCTIONS	
Fines and fees disbursed	2,524,909
Taxes disbursed	24,782,047
Total deductions	<u>27,306,956</u>
Change in net position	99,501
Net position, beginning of year	<u>306,509</u>
Net position, end of year	<u><u>\$ 406,010</u></u>

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

LEE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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:

Development Authority's Administrative Office
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:

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") 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.

The **Transportation Special Purpose Local Option Sales Tax ("TSPLOST") Fund** is a capital projects fund that 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major 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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 AAAf 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."

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets, which include property, intangible assets, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and right-to-use leased assets, 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 the acquisition value at the date of donation.

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

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

Capital assets are depreciated and amortized 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
Right-to-use leased assets	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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Leases (Continued)

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 cannot 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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Long-Term Obligations (Continued)

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 assets 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 net assets 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 one item, 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 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)

Fund Balance (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, 2023, the Parks and Recreation Authority had net position of \$18,091.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

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.

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2023, expenditures in the following department funds exceeded budget.

<u>Department</u>	<u>Excess</u>
General Fund:	
Public defender	\$ 23,774
Public safety	33,180
Recreation	14,332
ARPA Fund:	
General government	260,092
Capital outlay	784,293
Drug Abuse Treatment and Education Fund:	
Public safety	21,584
Law Library Fund:	
Judicial	4,671
National Opioid Fund:	
Public safety	1,966

The over expenditures in the above funds were funded by under expenditures in other departments and future transfers and revenues.

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, 2023, the County held the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Georgia Fund 1	28-day weighted average	AAAf	<u>\$ 31,118,692</u>

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, 2023, 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, 2022. Bills are payable on or before December 20, 2022. The lien date for unpaid taxes is April 20, 2023. After that date, an interest penalty of 18% applies. The County bills and collects its own property taxes. Property taxes levied for 2022 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2023, and collected by August 31, 2023, are recognized as revenues in the year ended June 30, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES (CONTINUED)

Receivables, including the applicable allowances for uncollectible accounts at June 30, 2023, 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	\$ 130,605	\$ -	\$ -	\$ -	\$ -	\$ 130,605
Accounts	2,088,073	107,503	98,928	194,781	1,613	2,490,898
Gross receivables	2,218,678	107,503	98,928	194,781	1,613	2,621,503
Less allowance for uncollectibles	(1,494,500)	-	-	(176,690)	-	(1,671,190)
Net receivables	<u>\$ 724,178</u>	<u>\$ 107,503</u>	<u>\$ 98,928</u>	<u>\$ 18,091</u>	<u>\$ 1,613</u>	<u>\$ 950,313</u>

NOTE 5. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the fiscal year ended June 30, 2023 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	382,579	-	-	-	382,579
Total capital assets, not being depreciated	<u>7,248,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,248,137</u>
Capital assets, being depreciated:					
Buildings	23,628,619	-	-	-	23,628,619
Infrastructure	123,996,135	-	-	-	123,996,135
Improvements other than buildings	4,271,583	283,239	-	-	4,554,822
Machinery and equipment	17,160,383	2,626,496	(64,173)	-	19,722,706
Total capital assets, being depreciated	<u>169,056,720</u>	<u>2,909,735</u>	<u>(64,173)</u>	<u>-</u>	<u>171,902,282</u>
Less accumulated depreciation for:					
Buildings	(11,263,617)	(511,765)	-	-	(11,775,382)
Infrastructure	(65,592,368)	(1,816,297)	-	-	(67,408,665)
Improvements other than buildings	(2,338,806)	(454,562)	-	-	(2,793,368)
Machinery and equipment	(8,423,303)	(1,619,972)	64,173	-	(9,979,102)
Total accumulated depreciation	<u>(87,618,094)</u>	<u>(4,402,596)</u>	<u>64,173</u>	<u>-</u>	<u>(91,956,517)</u>
Total capital assets, being depreciated, net	<u>81,438,626</u>	<u>(1,492,861)</u>	<u>-</u>	<u>-</u>	<u>79,945,765</u>
Governmental activities capital assets, net	<u>\$ 88,686,763</u>	<u>\$ (1,492,861)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,193,902</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:		
General government	\$	402,525
Judicial		153,440
Public safety		607,947
Public works		3,044,608
Health and welfare		6,740
Culture and recreation		187,336
Total depreciation expense - governmental activities	\$	4,402,596

Lease asset activity for the fiscal year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Right-to-use lease assets:					
Leased equipment	\$ 1,402,138	\$ 794,400	\$ -	\$ -	\$ 2,196,538
Total	1,402,138	794,400	-	-	2,196,538
Less accumulated amortization for:					
Leased equipment	(833,929)	(357,309)	-	-	(1,191,238)
Total accumulated amortization	(833,929)	(357,309)	-	-	(1,191,238)
Total right-to-use leased assets, net	\$ 568,209	\$ 437,091	\$ -	\$ -	\$ 1,005,300

Business-type capital asset activity for the fiscal year ended June 30, 2023 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, 2023 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	\$ 638,467	\$ -	\$ -	\$ -	\$ 638,467
Construction in progress	934,423	421,133	-	-	1,355,556
Total capital assets, not being depreciated	<u>1,572,890</u>	<u>421,133</u>	<u>-</u>	<u>-</u>	<u>1,994,023</u>
Capital assets, being depreciated:					
Infrastructure	37,378,345	-	-	-	37,378,345
Machinery and equipment	1,114,618	41,499	-	-	1,156,117
Total	<u>38,492,963</u>	<u>41,499</u>	<u>-</u>	<u>-</u>	<u>38,534,462</u>
Less accumulated depreciation for:					
Infrastructure	(21,827,948)	(962,114)	-	-	(22,790,062)
Machinery and equipment	(872,426)	(199,008)	-	-	(1,071,434)
Total	<u>(22,700,374)</u>	<u>(1,161,122)</u>	<u>-</u>	<u>-</u>	<u>(23,861,496)</u>
Total capital assets, being depreciated, net	<u>15,792,589</u>	<u>(1,119,623)</u>	<u>-</u>	<u>-</u>	<u>14,672,966</u>
Utilities Authority capital assets, net	<u>\$ 17,365,479</u>	<u>\$ (698,490)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,666,989</u>

Lease asset activity for the Utilities Authority, a discretely presented component unit, for the fiscal year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Right-to-use lease assets:					
Leased equipment	\$ 63,195	\$ -	\$ -	\$ -	\$ 63,195
Total	<u>63,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,195</u>
Less accumulated amortization for:					
Leased equipment	(17,399)	(17,262)	-	-	(34,661)
Total accumulated amortization	<u>(17,399)</u>	<u>(17,262)</u>	<u>-</u>	<u>-</u>	<u>(34,661)</u>
Total right-to-use leased assets, net	<u>\$ 45,796</u>	<u>\$ (17,262)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,534</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, 2023:

	<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	\$ 2,676,153	\$ -	\$ (1,335,705)	\$ 1,340,448	\$ 1,340,448
Lease liability	723,984	794,400	(229,181)	1,289,203	184,216
Net pension liability	1,525,949	3,305,514	(577,017)	4,254,446	-
Compensated absences	1,031,034	60,206	-	1,091,240	381,934
Governmental activities long-term liabilities	<u>\$ 5,957,120</u>	<u>\$ 4,160,120</u>	<u>\$ (2,141,903)</u>	<u>\$ 7,975,337</u>	<u>\$ 1,906,598</u>
Business-type activities:					
Landfill post-closure liability	\$ 173,204	\$ -	\$ (34,494)	\$ 138,710	\$ -
Compensated absences	3,488	1,177	-	4,665	1,586
Business-type activities long-term liabilities	<u>\$ 176,692</u>	<u>\$ 1,177</u>	<u>\$ (34,494)</u>	<u>\$ 143,375</u>	<u>\$ 1,586</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 financed 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 June 30, 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 financed purchase from direct borrowings for accounting purposes. The interest rate on the financed 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>
2024	\$ 1,340,448	\$ 4,849	\$ 1,345,297
	<u>\$ 1,340,448</u>	<u>\$ 4,849</u>	<u>\$ 1,345,297</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Lease Liabilities

The County entered 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, 2023 are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 184,216	\$ 48,628	\$ 232,844
2025	526,075	26,127	552,202
2026	85,493	27,324	112,817
2027	89,901	22,916	112,817
2028	403,518	16,443	419,961
	<u>\$ 1,289,203</u>	<u>\$ 141,438</u>	<u>\$ 1,430,641</u>

Landfill post-closure care costs

State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for five years after closure of landfills prior to April 1994 and 30 years for all other landfills. For the County's landfill, which was closed prior to April 1994, the estimated liability for post-closure care costs is \$138,710, which is based on 100% of landfill capacity used to date. Actual costs may be higher due to inflation, deflation, revisions to laws or regulations, or changes in technology.

B. Discretely Presented Component Unit – Utilities Authority

The following is a summary of long-term debt activity for the Utilities Authority (component unit) for the fiscal year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Utilities Authority					
Revenue bonds	\$ 8,805,000	\$ 9,335,000	\$ (260,000)	\$ 17,880,000	\$ 845,000
Direct placement bonds	5,922,856	-	(675,000)	5,247,856	448,581
Lease liability	47,649	-	(17,315)	30,334	12,278
Note payable from direct borrowing	1,559,775	111,962	(72,862)	1,598,875	93,020
Net pension liability	80,500	74,731	90,649	245,880	-
Compensated absences	62,729	12,029	-	74,758	26,165
Utilities Authority long-term liabilities	<u>\$ 16,478,509</u>	<u>\$ 9,533,722</u>	<u>\$ (934,528)</u>	<u>\$ 25,077,703</u>	<u>\$ 1,425,044</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Revenue Bonds – Series 2015 Bonds

In April 2015, the Lee County Utilities Authority issued \$9,595,000 in revenue bonds, which consisted of the 2015A Bonds (\$8,805,000) and its Taxable Revenue Bonds, Series 2015B (\$1,180,000) for the purpose of: 1) financing the acquisition, construction, installation, and equipping of certain improvements to the 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.

Revenue Bonds – Series 2022 Bonds

In December 2022, the Lee County Utilities Authority issued \$9,335,000 in revenue bonds for the purpose of: 1) financing certain improvements to the System, and 2) paying the cost of issuing the bonds. Interest is payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2023. The interest rate on the bonds is 3.61%. Principal payments are due August 1 beginning August 1, 2024. The bond will mature on August 1, 2037.

The Utilities Authority’s debt service requirements to maturity on the 2015 and 2022 revenue bonds payable are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 845,000	\$ 626,469	\$ 1,471,469
2025	775,000	602,244	1,377,244
2026	785,000	582,673	1,367,673
2027	795,000	560,825	1,355,825
2028	825,000	532,464	1,357,464
2029 – 2033	5,460,000	2,144,489	7,604,489
2034 – 2038	8,395,000	775,609	9,170,609
	<u>\$ 17,880,000</u>	<u>\$ 5,824,773</u>	<u>\$ 23,704,773</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.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Direct Placement Bonds – Series 2018 Bonds (Continued)

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

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	553,592	88,453	642,045
2029 – 2033	2,676,958	194,912	2,871,870
	<u>\$ 5,247,856</u>	<u>\$ 787,225</u>	<u>\$ 6,035,081</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, 2023 was \$561,202.

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. The original amount of the loan was \$1,064,723. Principal and interest at 1.39% are payable monthly, commencing November 1, 2022. Final payment of principal and interest is due October 1, 2042. The outstanding principal balance at June 30, 2023 was \$1,037,673.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Note Payable from Direct Borrowing (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>
2024	\$ 93,020	\$ 17,460	\$ 110,480
2025	94,166	16,465	110,631
2026	95,135	15,496	110,631
2027	96,115	14,516	110,631
2028	97,076	13,555	110,631
2029 – 2033	500,795	52,359	553,154
2034 – 2038	339,076	27,996	367,072
2039 – 2043	283,492	7,952	291,444
	<u>\$ 1,598,875</u>	<u>\$ 165,799</u>	<u>\$ 1,764,674</u>

Lease Liabilities

The Authority entered 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, 2023 are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 12,278	\$ 392	\$ 12,670
2025	9,775	218	9,993
2026	8,281	61	8,342
	<u>\$ 30,334</u>	<u>\$ 671</u>	<u>\$ 31,005</u>

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor		
Governmental	General Fund	\$ 1,996
General Fund	ARPA Fund	2,894
General Fund	Solid Waste Fund	2,503
Internal Service Fund	General Fund	16,079
		<u>\$ 23,472</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

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 unit:

Receivable	Payable	Amount
General Fund	Utilities Authority	\$ 32,207

Interfund transfers:

Transfers Out	Transfers In			Total
	General Fund	Nonmajor Governmental Funds	Solid Waste Fund	
General Fund	\$ -	\$ 1,439,051	\$ 187,696	\$ 1,626,747
ARPA Fund	1,119,058	-	-	1,119,058
Nonmajor Governmental Funds	30,000	-	-	30,000
	\$ 1,149,058	\$ 1,439,051	\$ 187,696	\$ 2,775,805

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 ACCG 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 ACCG 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 ACCG 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, 2022, the date of the most recent actuarial valuation, there were 391 participants as follows:

Inactive plan members (or beneficiaries) currently receiving benefits	41
Inactive plan members entitled to but not yet receiving benefits	110
Active plan members	240
Total	<u>391</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

The ACCG 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 ACCG Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the ACCG Plan. The funding policy for the ACCG 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, 2023, the County's contribution was 5.97% of annual payroll. County contributions to the ACCG Plan were \$640,845 for the year ended June 30, 2023.

Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2022, with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2022.

Net Pension Liability

Actuarial assumptions. The net pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	2.50% - 5.50% 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, 2022 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, 2021 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, 2023 were as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Beginning balance	\$ 13,646,125	\$ 12,039,676	\$ 1,606,449
Changes for the year:			
Service Cost	437,313	-	437,313
Interest	943,172	-	943,172
Differences between expected and actual experience	242,716	-	242,716
Assumption changes	25,267	-	25,267
Contributions - employer	-	602,675	(602,675)
Net investment income	-	(1,727,966)	1,727,966
Benefit payments, including refunds of employee contributions	(344,482)	(344,482)	-
Service credit transfer	-	-	-
Administrative expense	-	(68,767)	68,767
Other changes	-	(51,351)	51,351
Net changes	1,303,986	(1,589,891)	2,893,877
Ending balance	\$ 14,950,111	\$ 10,449,785	\$ 4,500,326
County's portion			\$ 4,254,446
Utilities Authority's portion			245,880
			\$ 4,500,326

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 are increasing or decreasing over time relative to the total pension liability.

The net pension liability of \$4,500,326 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	\$ 6,395,330	\$ 4,254,446	\$ 2,545,476
Utilities Authority's Net Pension Liability	336,596	245,880	133,972
Total Net Pension Liability	\$ 6,731,926	\$ 4,500,326	\$ 2,679,448

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, 2022, 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, 2023, the County and Utility Authority recognized pension expense of \$963,960. At June 30, 2023, 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	\$ 2,082,377	\$ 917,309
Assumption changes	456,637	88,191
Differences between expected and actual experience of economic/demographic (gains)/losses	551,003	298,261
Total	\$ 3,090,017	\$ 1,303,761
County's portion	\$ 2,971,309	\$ 1,282,647
Utilities Authority's portion	118,708	21,114
Total	\$ 3,090,017	\$ 1,303,761

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>County</u>	<u>Utilities Authority</u>	<u>Total</u>
2024	\$ 155,652	\$ 8,192	\$ 163,844
2025	325,820	16,291	342,111
2026	431,416	21,571	452,987
2027	450,279	22,514	472,793
2028	344,882	17,244	362,126
Thereafter	(19,387)	11,782	(7,605)
Total	<u>\$ 1,688,662</u>	<u>\$ 97,594</u>	<u>\$ 1,786,256</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:

	2023	2022
Unpaid claims, beginning of year	\$ 301,953	\$ 216,830
Incurred claims and changes in estimates	2,826,806	3,408,889
Claim payments	(2,968,856)	(3,323,766)
Unpaid claims, end of year	\$ 159,903	\$ 301,953

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, 2023, 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, 2023 were \$8,168. No expenditures or transfers out were incurred during the fiscal year ended June 30, 2023.

**REQUIRED SUPPLEMENTARY
INFORMATION**

LEE COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023

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

	2023	2022	2021	2020
Total Pension Liability - Beginning of Year	\$ 13,646,125	\$ 12,459,639	\$ 11,149,310	\$ 9,753,229
Service Cost	437,313	433,868	417,182	380,411
Interest on the Total Pension Liability	943,172	863,141	773,251	682,726
Liability Experience (Gain)/Loss	242,716	124,763	303,954	(7,544)
Changes of Assumptions	25,267	22,823	21,692	520,084
Benefit Payments	(344,482)	(251,449)	(205,750)	(179,596)
Service Credit Transfer	-	(6,660)	-	-
Net Change in Total Pension Liability	1,303,986	1,186,486	1,310,329	1,396,081
Total Pension Liability - End of Year (a)	14,950,111	13,646,125	12,459,639	11,149,310
Plan Fiduciary Net Position - Beginning of Year	12,039,676	10,156,639	8,761,932	7,054,491
Contributions - Employer	602,675	678,831	523,000	499,653
Net Investment Income	(1,727,966)	1,591,002	1,193,755	1,489,761
Benefit Payments	(344,482)	(251,449)	(205,750)	(173,523)
Service Credit Transfer	-	(6,660)	-	-
Administrative Expenses	(68,767)	(66,351)	(62,947)	(59,944)
Other Receipts	(51,351)	(62,336)	(53,351)	(48,506)
Net Change in Plan Fiduciary Net Position	(1,589,891)	1,883,037	1,394,707	1,707,441
Plan Fiduciary Net Position - End of Year (b)	10,449,785	12,039,676	10,156,639	8,761,932
County's Net Pension Liability (a) - (b)	\$ 4,500,326	\$ 1,606,449	\$ 2,303,000	\$ 2,387,378
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.90%	88.23%	81.52%	78.59%
Covered Payroll	\$ 10,730,898	\$ 10,322,602	\$ 9,970,545	\$ 9,459,231
Net Pension Liability as a Percentage of the Covered Payroll	41.9%	15.6%	23.1%	25.2%

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

2019	2018	2017	2016	2015
<u>\$ 8,915,388</u>	<u>\$ 8,644,381</u>	<u>\$ 7,816,878</u>	<u>\$ 6,465,814</u>	<u>\$ 5,646,475</u>
426,394	477,903	446,272	447,004	444,815
642,257	621,871	584,588	482,064	421,716
202,821	(715,688)	(506,941)	160,036	-
(320,266)	20,644	348,342	338,535	-
(113,365)	(133,723)	(44,758)	(76,575)	(47,192)
-	-	-	-	-
<u>837,841</u>	<u>271,007</u>	<u>827,503</u>	<u>1,351,064</u>	<u>819,339</u>
<u>9,753,229</u>	<u>8,915,388</u>	<u>8,644,381</u>	<u>7,816,878</u>	<u>6,465,814</u>
<u>7,031,179</u>	<u>5,698,869</u>	<u>4,848,328</u>	<u>4,325,599</u>	<u>3,687,107</u>
551,592	657,635	638,935	657,405	503,835
(335,226)	912,232	354,482	38,236	273,820
(113,365)	(133,723)	(44,758)	(76,575)	(47,192)
(47,679)	(49,348)	(49,420)	(48,186)	(47,622)
(32,010)	(54,486)	(48,698)	(48,151)	(44,349)
<u>23,312</u>	<u>1,332,310</u>	<u>850,541</u>	<u>522,729</u>	<u>638,492</u>
<u>7,054,491</u>	<u>7,031,179</u>	<u>5,698,869</u>	<u>4,848,328</u>	<u>4,325,599</u>
<u>\$ 2,698,738</u>	<u>\$ 1,884,209</u>	<u>\$ 2,945,512</u>	<u>\$ 2,968,550</u>	<u>\$ 2,140,215</u>
72.33%	78.87%	65.93%	62.02%	66.90%
<u>\$ 9,186,873</u>	<u>\$ 10,006,196</u>	<u>\$ 9,238,642</u>	<u>\$ 9,675,437</u>	<u>\$ 9,693,809</u>
29.4%	18.8%	31.9%	30.7%	22.1%

LEE COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023

DEFINED BENEFIT RETIREMENT PLAN SCHEDULE OF COUNTY CONTRIBUTIONS

	2023	2022	2021	2020
Actuarially Determined Contribution	\$ 600,551	\$ 605,503	\$ 590,284	\$ 498,895
Actual Contributions During the Year	640,845	678,831	523,000	499,653
Contribution Deficiency/(Excess)	\$ (40,294)	\$ (73,328)	\$ 67,284	\$ (758)
Covered Payroll	\$ 10,730,898	\$ 10,322,602	\$ 9,970,545	\$ 9,459,231
Contributions as a Percentage of Covered Payroll	5.97%	6.58%	5.25%	5.28%

NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date	January 1, 2022
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	2.50% - 5.50%
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.*

2019	2018	2017	2016	2015
\$ 550,496	\$ 638,157	\$ 605,393	\$ 601,121	\$ 611,182
551,592	657,635	638,935	657,405	503,835
\$ (1,096)	\$ (19,478)	\$ (33,542)	\$ (56,284)	\$ 107,347
\$ 9,186,873	\$ 10,006,196	\$ 9,238,642	\$ 9,675,437	\$ 9,693,809
6.00%	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, 2023

	Special Revenue Funds				
	Drug Abuse Treatment and Education Fund	Jail Fund	District Attorney Forfeiture Fund	Law Library Fund	E-911 Fund
ASSETS					
Cash and cash equivalents	\$ 92,033	\$ 64,711	\$ 16,545	\$ 8,087	\$ 17,921
Investments	8,917	-	-	-	-
Accounts receivable, net	-	-	-	-	98,928
Due from other funds	-	-	-	-	1,996
Due from other governments	603	5,381	-	-	-
Total assets	<u>\$ 101,553</u>	<u>\$ 70,092</u>	<u>\$ 16,545</u>	<u>\$ 8,087</u>	<u>\$ 118,845</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 103
Accrued liabilities	-	-	-	-	7,556
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,659</u>
FUND BALANCES					
Restricted for:					
Public safety	101,553	70,092	-	-	111,186
Judicial	-	-	16,545	8,087	-
Capital projects	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Economic development	-	-	-	-	-
Total fund balances	<u>101,553</u>	<u>70,092</u>	<u>16,545</u>	<u>8,087</u>	<u>111,186</u>
Total liabilities and fund balances	<u>\$ 101,553</u>	<u>\$ 70,092</u>	<u>\$ 16,545</u>	<u>\$ 8,087</u>	<u>\$ 118,845</u>

Special Revenue Funds					Capital Projects Fund	
Special Assessment Fund	Hotel/Motel Tax Fund	National Opiod Fund	Development Authority Fund	Community Development Fund	1% SPLOST VI BONY Advance Capital Projects Fund	Total
\$ 640,343	\$ 33,226	\$ 60,414	\$ 180,768	\$ 80,420	\$ 31	\$ 1,194,499
-	-	-	543,302	-	-	552,219
-	-	-	-	-	-	98,928
-	-	-	-	-	-	1,996
-	-	-	-	-	-	5,984
<u>\$ 640,343</u>	<u>\$ 33,226</u>	<u>\$ 60,414</u>	<u>\$ 724,070</u>	<u>\$ 80,420</u>	<u>\$ 31</u>	<u>\$ 1,853,626</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103
-	-	-	-	-	-	7,556
-	-	-	-	-	-	7,659
-	-	60,414	-	80,420	-	423,665
-	-	-	-	-	-	24,632
-	-	-	-	-	31	31
640,343	-	-	-	-	-	640,343
-	33,226	-	724,070	-	-	757,296
<u>640,343</u>	<u>33,226</u>	<u>60,414</u>	<u>724,070</u>	<u>80,420</u>	<u>31</u>	<u>1,845,967</u>
<u>\$ 640,343</u>	<u>\$ 33,226</u>	<u>\$ 60,414</u>	<u>\$ 724,070</u>	<u>\$ 80,420</u>	<u>\$ 31</u>	<u>\$ 1,853,626</u>

LEE COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				
	Drug Abuse Treatment and Education Fund	Jail Fund	District Attorney Forfeiture Fund	Law Library Fund	E-911 Fund
Revenues:					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	649,145
Fines and forfeitures	4,430	37,548	11,735	7,125	-
Investment income	952	468	83	53	255
Intergovernmental	-	-	-	-	-
Other revenue	-	-	-	-	21,127
Total revenues	5,382	38,016	11,818	7,178	670,527
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	26,662	-	-	-	1,125,021
Judicial	-	-	9,939	11,145	-
Economic development	-	-	-	-	-
Total expenditures	26,662	-	9,939	11,145	1,125,021
Excess (deficiency) of revenues over (under) expenditures	(21,280)	38,016	1,879	(3,967)	(454,494)
Other financing sources (uses):					
Transfers in	-	-	-	-	478,630
Transfers out	-	(30,000)	-	-	-
Total other financing sources (uses)	-	(30,000)	-	-	478,630
Special Item:					
Development stoppage of the Lee County Medical Center	-	-	-	-	-
Net change in fund balances	(21,280)	8,016	1,879	(3,967)	24,136
Fund balances, beginning of year	122,833	62,076	14,666	12,054	87,050
Fund balances, end of year	\$ 101,553	\$ 70,092	\$ 16,545	\$ 8,087	\$ 111,186

Special Revenue Funds					Capital Projects Fund	
Special Assessment Fund	Hotel/Motel Tax Fund	National Opiod Fund	Development Authority Fund	Community Development Fund	1% SPLOST VI BONY Advance Capital Projects Fund	Total
\$ -	\$ 8,002	\$ -	\$ -	\$ -	\$ -	\$ 8,002
79,346	-	-	15,000	-	-	743,491
-	-	-	-	-	-	60,838
3,822	166	-	1,507	-	-	7,306
-	-	62,380	-	-	-	62,380
-	-	-	-	21,313	-	42,440
<u>83,168</u>	<u>8,168</u>	<u>62,380</u>	<u>16,507</u>	<u>21,313</u>	<u>-</u>	<u>924,457</u>
-	-	-	-	13,513	-	13,513
60,000	-	1,966	-	-	-	1,213,649
-	-	-	-	-	-	21,084
-	-	-	208,263	-	-	208,263
<u>60,000</u>	<u>-</u>	<u>1,966</u>	<u>208,263</u>	<u>13,513</u>	<u>-</u>	<u>1,456,509</u>
<u>23,168</u>	<u>8,168</u>	<u>60,414</u>	<u>(191,756)</u>	<u>7,800</u>	<u>-</u>	<u>(532,052)</u>
-	-	-	960,421	-	-	1,439,051
-	-	-	-	-	-	(30,000)
-	-	-	<u>960,421</u>	<u>-</u>	<u>-</u>	<u>1,409,051</u>
-	-	-	(742,668)	-	-	(742,668)
23,168	8,168	60,414	25,997	7,800	-	134,331
617,175	25,058	-	698,073	72,620	31	1,711,636
<u>\$ 640,343</u>	<u>\$ 33,226</u>	<u>\$ 60,414</u>	<u>\$ 724,070</u>	<u>\$ 80,420</u>	<u>\$ 31</u>	<u>\$ 1,845,967</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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures	\$ 5,000	\$ 4,430	\$ (570)
Investment income	78	952	874
Total revenues	5,078	5,382	304
Expenditures			
Current:			
Public safety	5,078	26,662	(21,584)
Total expenditures	5,078	26,662	(21,584)
Net change in fund balance	-	(21,280)	(21,280)
Fund balance, beginning of year	122,833	122,833	-
Fund balance, end of year	\$ 122,833	\$ 101,553	\$ (21,280)

LEE COUNTY, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - JAIL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures	\$ 41,388	\$ 37,548	\$ (3,840)
Investment income	22	468	446
Total revenues	41,410	38,016	(3,394)
Expenditures			
Current:			
Public safety	11,410	-	11,410
Total expenditures	11,410	-	11,410
Excess of revenues over expenditures	30,000	38,016	8,016
Other Financing Uses			
Transfers out	(30,000)	(30,000)	-
Net change in fund balance	-	8,016	8,016
Fund balance, beginning of year	62,076	62,076	-
Fund balance, end of year	\$ 62,076	\$ 70,092	\$ 8,016

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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures	\$ 30,000	\$ 11,735	\$ (18,265)
Investment income	10	83	73
Total revenues	30,010	11,818	(18,192)
Expenditures			
Current:			
Judicial	30,010	9,939	20,071
Total expenditures	30,010	9,939	20,071
Net change in fund balance	-	1,879	1,879
Fund balance, beginning of year	14,666	14,666	-
Fund balance, end of year	\$ 14,666	\$ 16,545	\$ 1,879

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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures	\$ 6,460	\$ 7,125	\$ 665
Investment income	14	53	39
Total revenues	6,474	7,178	704
Expenditures			
Current:			
Judicial	6,474	11,145	(4,671)
Total expenditures	6,474	11,145	(4,671)
Net change in fund balance	-	(3,967)	(3,967)
Fund balance, beginning of year	12,054	12,054	-
Fund balance, end of year	\$ 12,054	\$ 8,087	\$ (3,967)

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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 627,117	\$ 649,145	\$ 22,028
Investment income	23	255	232
Other revenue	20,400	21,127	727
Total revenues	647,540	670,527	22,987
Expenditures			
Current:			
Public safety	1,247,415	1,125,021	122,394
Total expenditures	1,247,415	1,125,021	122,394
Deficiency of revenues under expenditures	(599,875)	(454,494)	145,381
Other Financing Sources			
Transfers in	599,875	478,630	(121,245)
Net change in fund balance	-	24,136	24,136
Fund balance, beginning of year	87,050	87,050	-
Fund balance, end of year	\$ 87,050	\$ 111,186	\$ 24,136

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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 126,777	\$ 79,346	\$ (47,431)
Investment income	195	3,822	3,627
Total revenues	126,972	83,168	(43,804)
Expenditures			
Current:			
Public safety	126,972	60,000	66,972
Total expenditures	126,972	60,000	66,972
Net change in fund balance	-	23,168	23,168
Fund balance, beginning of year	617,175	617,175	-
Fund balance, end of year	\$ 617,175	\$ 640,343	\$ 23,168

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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Other taxes	\$ 6,950	\$ 8,002	\$ 1,052
Investment income	4	166	162
Total revenues	6,954	8,168	1,214
Expenditures			
Current:			
Economic development	6,954	-	6,954
Total expenditures	6,954	-	6,954
Net change in fund balance	-	8,168	8,168
Fund balance, beginning of year	25,058	25,058	-
Fund balance, end of year	\$ 25,058	\$ 33,226	\$ 8,168

LEE COUNTY, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - NATIONAL OPIOID FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ -	\$ 62,380	\$ 62,380
Total revenues	<u>-</u>	<u>62,380</u>	<u>62,380</u>
Expenditures			
Current:			
Public safety	-	1,966	(1,966)
Total expenditures	<u>-</u>	<u>1,966</u>	<u>(1,966)</u>
Net change in fund balance	-	60,414	60,414
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 60,414</u>	<u>\$ 60,414</u>

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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ -	\$ 15,000	\$ 15,000
Investment income	-	1,507	1,507
Total revenues	-	16,507	16,507
Expenditures			
Current:			
Economic development	221,543	208,263	13,280
Total expenditures	221,543	208,263	13,280
Deficiency of revenues under expenditures	(221,543)	(191,756)	29,787
Other financing sources			
Transfers in	217,808	960,421	742,613
Total other financing sources	217,808	960,421	742,613
Special Item:			
Development stoppage of the Lee County			
Medical Center	-	(742,668)	(742,668)
Net change in fund balance	(3,735)	25,997	29,732
Fund balance, beginning of year	698,073	698,073	-
Fund balance, end of year	\$ 694,338	\$ 724,070	\$ 29,732

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, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Other revenue	\$ 50,000	\$ 21,313	\$ (28,687)
Total revenues	50,000	21,313	(28,687)
Expenditures			
Current:			
General government	50,000	13,513	36,487
Total expenditures	50,000	13,513	36,487
Net change in fund balance	-	7,800	7,800
Fund balance, beginning of year	72,620	72,620	-
Fund balance, end of year	\$ 72,620	\$ 80,420	\$ 7,800

LEE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	\$ 3,080,271	\$ 1,567,763	\$ 4,648,034	89%
Courthouse - security, renovations and records	250,000	-	-	-	0%
Water and sewer system projects	750,000	170,628	25,505	196,133	26%
Roads, streets and bridges	4,535,053	435,107	127,965	563,072	12%
Library projects	250,000	40,805	4,484	45,289	18%
911 back-up center	500,000	-	-	-	0%
Stormwater projects	500,000	183,495	37,065	220,560	44%
Public works - renovations and equipment	1,070,884	-	-	-	0%
Public facilities - renovations and GIS	1,000,000	1,210,368	263,021	1,473,389	100%
Recreation projects	3,186,000	339,330	120,090	459,420	14%
Information technology projects	1,000,000	-	-	-	0%
City of Leesburg	2,130,459	1,303,157	512,528	1,815,685	85%
City of Smithville	422,760	258,593	101,704	360,297	85%
Repayment of issuance of debt	-	-	498,906	498,906	
Total expenditures	\$ 20,825,603	\$ 7,021,754	\$ 3,259,031	\$ 10,280,785	

*** 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, 2023

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, 2023

Project Description	Original Estimated Costs	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Roads, streets and bridges	\$ 16,995,017	\$ 8,132,132	\$ 3,166,089	\$ 11,298,221	66%
Total expenditures	\$ 16,995,017	\$ 8,132,132	\$ 3,166,089	\$ 11,298,221	

LEE COUNTY, GEORGIA

PROJECT COST SCHEDULE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

<u>Program Activity</u>	<u>CDBG Activity Number</u>	<u>Latest Approved Budget</u>	<u>Accumulated CDBG Expenditures to Date</u>	<u>Accumulated Expenditures to Date Other Funds</u>	<u>Grand Total of Expenditures To Date</u>	<u>Questioned Cost (if applicable)</u>
Water Facilities	P-03J-01	\$ 441,139	\$ 438,868	\$ -	\$ 438,868	\$ -
Administration	A-21A-00	28,145	6,000	-	6,000	-
		<u>\$ 469,284</u>	<u>\$ 444,868</u>	<u>\$ -</u>	<u>\$ 444,868</u>	<u>\$ -</u>

LEE COUNTY, GEORGIA
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023

	Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff	Total Custodial Funds
ASSETS						
Cash and cash equivalents	\$ 104,809	\$ 36,431	\$ 590,499	\$ 18,527	\$ 188,265	\$ 938,531
Property taxes receivable	-	-	214,796	-	-	214,796
Total assets	\$ 104,809	\$ 36,431	\$ 805,295	\$ 18,527	\$ 188,265	\$ 1,153,327
LIABILITIES						
Due to others	\$ 53,388	\$ 5,793	\$ 468,849	\$ 2,488	\$ 2,003	\$ 532,521
Uncollected taxes	-	-	214,796	-	-	214,796
Total liabilities	\$ 53,388	\$ 5,793	\$ 683,645	\$ 2,488	\$ 2,003	\$ 747,317
NET POSITION						
Restricted for individuals, organizations and other governments	\$ 51,421	\$ 30,638	\$ 121,650	\$ 16,039	\$ 186,262	\$ 406,010

LEE COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff	Total Custodial Funds
ADDITIONS						
Fines and forfeitures	\$ 1,612,148	\$ 459,324	\$ -	\$ 103,634	\$ 385,350	\$ 2,560,456
Taxes collected	-	-	24,846,001	-	-	24,846,001
Total additions	<u>1,612,148</u>	<u>459,324</u>	<u>24,846,001</u>	<u>103,634</u>	<u>385,350</u>	<u>27,406,457</u>
DEDUCTIONS						
Fines and fees disbursed	1,619,995	439,548	-	99,369	365,997	2,524,909
Taxes disbursed	-	-	24,782,047	-	-	24,782,047
Total deductions	<u>1,619,995</u>	<u>439,548</u>	<u>24,782,047</u>	<u>99,369</u>	<u>365,997</u>	<u>27,306,956</u>
Change in net position	(7,847)	19,776	63,954	4,265	19,353	99,501
Net position, beginning 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>
Net position, end of year	<u>\$ 51,421</u>	<u>\$ 30,638</u>	<u>\$ 121,650</u>	<u>\$ 16,039</u>	<u>\$ 186,262</u>	<u>\$ 406,010</u>

LEE COUNTY, GEORGIA

STATEMENT OF CASH FLOWS DISCRETELY PRESENTED COMPONENT UNIT – UTILITY AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Utility Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,779,016
Payments to suppliers and service providers	(2,493,478)
Payments to employees	(954,382)
Receipts for interfund services received	26,871
Net cash provided by operating activities	1,358,027
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of property and equipment	(462,632)
Proceeds from debt issuance	9,446,962
Principal paid on notes	(72,862)
Principal paid on bonds	(935,000)
Principal paid on leases	(17,315)
Net cash used in capital and related financing activities	7,959,153
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(9,452,799)
Net cash provided by investing activities	(9,452,799)
Net change in cash and cash equivalents	(135,619)
Cash and cash equivalents:	
Beginning of year	3,086,372
End of year	\$ 2,950,753
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (92,797)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation/amortization	1,178,384
(Increase) decrease in:	
Accounts receivable	53,459
Deferred outflows of resources - pensions	(56,542)
Increase (decrease) in:	
Accounts payable	19,858
Accrued liabilities	130,637
Compensated absences	12,029
Due to other funds	26,871
Customer deposits payable	33,240
Net pension liability	165,380
Deferred inflows of resources - pensions	(112,492)
Net cash used in operating activities	\$ 1,358,027

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

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**

**To the 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, 2023, 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 14, 2023. 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 2023-001 that we consider to be a material weakness.

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 Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Lee County, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Mauldin & Jenkins, LLC

Macon, Georgia
December 14, 2023



**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 the 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 the County's major federal program for the year ended June 30, 2023. The County's major federal program is 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 its major federal program for the year ended June 30, 2023.

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, 2023. 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 generally 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 14, 2023

LEE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Agency/ Pass-through Entity/Program Title	Federal AL Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Treasury			
Passed through Georgia Office of Planning and Budget:			
COVID-19 - Coronavirus State and			
Local Fiscal Recovery Funds			
	21.027	N/A	\$ 2,180,376
Total U.S. Department of Treasury			2,180,376
U.S. Department of Housing and Urban Development			
Passed through Georgia Department of Community Affairs:			
CDBG Entitlements Grant Cluster			
Community Development Block Grant			
	14.218	21p-y-088-1-6221	438,868
Total Community Development Block Grant Cluster			438,868
Total U.S. Department of Housing and Urban Development			438,868
U.S. Environmental Protection Agency			
Passed through Georgia Environmental Finance Authority:			
Drinking Water State Revolving Fund ("DWSRF") Cluster			
	66.468	DW2017022	86,804
Total Drinking Water State Revolving Fund ("DWSRF") Cluster			86,804
Total U.S. Environmental Protection Agency			86,804
Total Expenditures of Federal Awards			\$ 2,706,048

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, 2023

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 MINIMIS INDIRECT COST RATE

The County chose not to use the 10% de minimis cost rate for the year ended June 30, 2023.

NOTE 3. NON-CASH AWARDS

The County did not receive non-cash federal awards during the year ended June 30, 2023.

NOTE 4. SUBRECIPIENTS

The County did not pass through any funds to subrecipients during the year ended June 30, 2023.

LEE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 2 CFR 200.516(a)?

Yes No

Identification of major program:

AL Number

Name of Federal Program or Cluster

U.S Department of Treasury:

21.027

COVID-19—Coronavirus State and
Local Fiscal Recovery Funds

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, 2023

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2023 – 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, 2023, 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.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

LEE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2023

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.

Auditee Response/Status: Unresolved – see current year finding 2023 – 001.



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

2023-001 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, 2024

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

Chairman
Billy Mathis
District 3

Vice-Chairman
John Wheaton
District 1

Commissioner
Luke Singletary
District 2

Commissioner
Rick Muggridge
District 4

Commissioner
George Walls
District 5

County Manager
Christi Dockery

County Attorney
Jimmy Skipper

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Leesburg, Georgia 31763

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