

**LEE COUNTY, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2020**

# LEE COUNTY, GEORGIA

## FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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# LEE COUNTY, GEORGIA

## FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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## LIST OF PRINCIPAL OFFICIALS

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### **LEE COUNTY BOARD OF COMMISSIONERS**

Billy Mathis, Chairman (District 3)

Rick Muggridge, Vice-Chairman (District 4)

John Wheaton, Commissioner (District 1)

Luke Singletary, Commissioner (District 2)

George Walls, Commissioner (District 5)

### **COUNTY STAFF**

Christy Dockery, Co-County Manager & County Clerk

Mike Sistrunk, Co-County Manager & Public Works Director

Heather Jones, Finance Director

### **COUNTY ATTORNEY**

Jimmy Skipper

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Lee County, Georgia** (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Lee County, Georgia's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lee County Board of Health which represent 3% of the assets and deferred outflows of resources, (18%) of the net position, and 19% of the revenues of the aggregate discretely presented component units, or the Lee County Development Authority which represents 37% of the assets, 38% of the fund balance, and 1% of the revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lee County Board of Health and the Lee County Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lee County, Georgia as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the County's Net Pension Liability and Related Ratios (on page 49), and the Schedule of County Contributions (on page 50), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lee County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, and the schedule of transportation special purpose local option sales tax, as required by the Official Code of Georgia 48-8-260 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The combining and individual nonmajor fund financial statements and schedules, schedules of expenditures of special purpose local option sales tax proceeds, and schedule of expenditures of transportation special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds and the schedule of expenditures of transportation special purpose local option sales tax proceeds 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 23, 2020 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lee County, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Albany, Georgia  
December 23, 2020



**LEE COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**

**JUNE 30, 2020**

	Primary Government			Component Units	
	Governmental	Business-type	Total	Health	Utilities
	Activities	Activities		Department	Authority
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,783,812	\$ 13,155	\$ 6,796,967	\$ 539,669	\$ 1,881,690
Investments	13,220,644	-	13,220,644	-	-
Accounts receivable, net	949,667	18,256	967,923	-	143,876
Property tax receivable	164,136	-	164,136	-	-
Interfund balances	5	(5)	-	-	-
Due from component unit	2,009	-	2,009	-	-
Due from other governments	1,726,859	-	1,726,859	48,653	-
Restricted assets					
Cash and cash equivalents	-	-	-	-	339,444
Investments	-	-	-	-	859,203
Capital assets					
Nondepreciable	7,303,696	163,000	7,466,696	-	483,402
Depreciable	77,053,648	-	77,053,648	34,921	17,856,198
Total assets	<u>107,204,476</u>	<u>194,406</u>	<u>107,398,882</u>	<u>623,243</u>	<u>21,563,813</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	-	-	-	-	115,913
Pension items	1,022,833	-	1,022,833	176,869	54,922
OPEB items	-	-	-	67,132	-
Total deferred outflows of resources	<u>1,022,833</u>	<u>-</u>	<u>1,022,833</u>	<u>244,001</u>	<u>170,835</u>
<b>LIABILITIES</b>					
Accounts payable	801,010	15,029	816,039	17,395	33,510
Due to other governments	137,843	-	137,843	-	-
Accrued liabilities	538,613	2,604	541,217	-	258,017
Due to primary government	-	-	-	-	2,009
Unearned revenue	6,000	-	6,000	-	40,800
Customer deposits	-	-	-	-	576,882
Claims payable	245,853	-	245,853	-	-
Notes payable, due within one year	200,187	21,587	221,774	-	45,368
Notes payable, due in more than one year	423,951	91,284	515,235	-	629,810
Capital leases payable, due within one year	170,177	-	170,177	-	-
Financed purchases payable, due within one year	324,291	-	324,291	-	-
Bonds payable, due within one year	-	-	-	-	1,168,863
Bonds payable, due in more than one year	-	-	-	-	15,922,456
Compensated absences, due within one year	204,724	2,484	207,208	7,458	23,267
Compensated absences, due in more than one year	818,892	4,613	823,505	67,119	43,211
Net pension liability	2,265,717	-	2,265,717	747,934	121,661
Net OPEB liability	-	-	-	145,488	-
Closure and post-closure care	-	242,315	242,315	-	-
Total liabilities	<u>6,137,258</u>	<u>379,916</u>	<u>6,517,174</u>	<u>985,394</u>	<u>18,865,854</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension items	1,328,822	-	1,328,822	31,516	71,353
OPEB items	-	-	-	280,916	-
Total deferred inflows of resources	<u>1,328,822</u>	<u>-</u>	<u>1,328,822</u>	<u>312,432</u>	<u>71,353</u>
<b>NET POSITION</b>					
Net investment in capital assets	83,238,738	163,000	83,401,738	34,921	689,016
Restricted for:					
Capital projects	6,633,263	-	6,633,263	-	-
Other uses	1,046,028	-	1,046,028	302,869	-
Unrestricted (deficit)	9,843,200	(348,510)	9,494,690	(768,372)	2,108,425
Total net position (deficit)	<u>\$ 100,761,229</u>	<u>\$ (185,510)</u>	<u>\$ 100,575,719</u>	<u>\$ (430,582)</u>	<u>\$ 2,797,441</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, 2020

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 7,770,989	\$ 1,274,008	\$ 27,417	\$ -
Court system	1,526,743	6,724	-	-
Public safety	13,494,069	1,341,206	36,529	26,833
Public works	5,871,378	3,677,986	7,281	1,073,273
Health and welfare	443,142	-	-	-
Culture and recreation	1,225,291	686,130	-	33
Housing and development	1,226,263	-	317,171	7,785
Interest on long-term debt	50,333	-	-	-
Total governmental activities	31,608,208	6,986,054	388,398	1,107,924
Business-type activities:				
Golf and recreation	48,906	523	-	-
Solid waste	256,916	173,956	-	-
Total business-type activities	305,822	174,479	-	-
Total primary government	\$ 31,914,030	\$ 7,160,533	\$ 388,398	\$ 1,107,924
<b>Component units:</b>				
Board of Health	\$ 954,653	\$ 444,009	\$ 630,083	\$ -
Utilities Authority	3,908,239	4,167,645	-	415,600
Total component units	\$ 4,862,892	\$ 4,611,654	\$ 630,083	\$ 415,600
General revenues:				
Property taxes				
Sales taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

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

Governmental Activities	Business-type Activities	Total	Component Units	
			Board of Health	Utilities Authority
\$ (6,469,564)	\$ -	\$ (6,469,564)	\$ -	\$ -
(1,520,019)	-	(1,520,019)	-	-
(12,089,501)	-	(12,089,501)	-	-
(1,112,838)	-	(1,112,838)	-	-
(443,142)	-	(443,142)	-	-
(539,128)	-	(539,128)	-	-
(901,307)	-	(901,307)	-	-
(50,333)	-	(50,333)	-	-
<u>(23,125,832)</u>	<u>-</u>	<u>(23,125,832)</u>	<u>-</u>	<u>-</u>
-	(48,383)	(48,383)	-	-
-	(82,960)	(82,960)	-	-
-	(131,343)	(131,343)	-	-
<u>(23,125,832)</u>	<u>(131,343)</u>	<u>(23,257,175)</u>	<u>-</u>	<u>-</u>
-	-	-	119,439	-
-	-	-	-	675,006
<u>-</u>	<u>-</u>	<u>-</u>	<u>119,439</u>	<u>675,006</u>
16,004,501	-	16,004,501	-	-
9,748,474	-	9,748,474	-	-
2,350,795	-	2,350,795	-	-
84,611	42	84,653	-	18,535
78,214	-	78,214	-	-
2,888,005	(2,888,005)	-	-	-
<u>31,154,600</u>	<u>(2,887,963)</u>	<u>28,266,637</u>	<u>-</u>	<u>18,535</u>
8,028,768	(3,019,306)	5,009,462	119,439	693,541
92,732,461	2,833,796	95,566,257	(550,021)	2,103,900
<u>\$ 100,761,229</u>	<u>\$ (185,510)</u>	<u>\$ 100,575,719</u>	<u>\$ (430,582)</u>	<u>\$ 2,797,441</u>

# LEE COUNTY, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2020

ASSETS	General Fund	1% SP LOST VI Capital Projects Fund	1% SP LOST VII Capital Projects Fund	Nonmajor Governmental Funds	Total
Cash and cash equivalents	\$ 4,542,605	\$ 2,745	\$ 527,068	\$ 1,067,325	\$ 6,139,743
Investments	7,260,366	2,751,305	1,780,360	1,428,613	13,220,644
Accounts receivable, net	683,424	-	-	94,046	777,470
Property tax receivable	164,136	-	-	-	164,136
Due from component unit	2,009	-	-	-	2,009
Due from other funds	105	-	-	-	105
Due from other governments	614,463	-	702,991	409,405	1,726,859
Total assets	<u>\$ 13,267,108</u>	<u>\$ 2,754,050</u>	<u>\$ 3,010,419</u>	<u>\$ 2,999,389</u>	<u>\$ 22,030,966</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 515,425	\$ 136,021	\$ 1,250	\$ 148,314	\$ 801,010
Accrued liabilities	504,902	-	-	19,720	524,622
Due to other funds	-	-	100	-	100
Due to other governments	-	-	137,843	-	137,843
Other liabilities	6,000	-	-	-	6,000
Total liabilities	<u>1,026,327</u>	<u>136,021</u>	<u>139,193</u>	<u>168,034</u>	<u>1,469,575</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	144,251	-	-	-	144,251
Deferred sales tax revenue	275,083	-	297,973	-	573,056
Total deferred inflow of resources	<u>419,334</u>	<u>-</u>	<u>297,973</u>	<u>-</u>	<u>717,307</u>
<b>FUND BALANCES</b>					
Restricted for:					
Judicial	-	-	-	60,207	60,207
Public safety	-	-	-	337,503	337,503
Economic development	-	-	-	648,318	648,318
Capital projects	-	2,618,029	2,573,253	1,144,008	6,335,290
Unassigned	1,182,147	-	-	-	1,182,147
Total fund balances	<u>1,182,147</u>	<u>2,618,029</u>	<u>2,573,253</u>	<u>2,831,355</u>	<u>19,844,084</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 13,267,108</u>	<u>\$ 2,754,050</u>	<u>\$ 3,010,419</u>	<u>\$ 2,999,389</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	84,357,344
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	717,307
Deferred outflows of resources related to pensions are not available to pay for period expenditures and, therefore, are not reported in the governmental funds.	1,022,833
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Note payable	(624,138)
Capital leases and financed purchases	(494,468)
Accrued interest payable	(13,991)
Compensated absences	(1,023,616)
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.	570,413
The net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds.	(2,265,717)
Deferred inflows of resources related to the net difference between expected and actual experience of economic/demographic (gains)/losses are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(1,328,822)
Net position of governmental activities	<u>\$ 10,761,229</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, 2020

	General Fund	1% SPLOST VI Capital Projects Fund	1% SPLOST VII Capital Projects Fund	Nonmajor Governmental Funds	Total
<b>Revenues:</b>					
Property taxes	\$ 15,750,956	\$ -	\$ -	\$ -	\$ 15,750,956
Sales taxes	2,930,704	771,927	2,835,112	2,912,758	9,450,501
Other taxes	2,347,884	-	-	2,911	2,350,795
Licenses and permits	250,069	-	-	-	250,069
Charges for services	4,467,995	-	-	708,365	5,176,360
Fines and forfeitures	654,597	-	-	61,518	716,115
Investment income	84,611	46,472	5,403	20,400	156,886
Intergovernmental	388,398	-	635,649	-	1,024,047
Other revenues	808,642	-	-	34,868	843,510
Total revenues	27,683,856	818,399	3,476,164	3,740,820	35,719,239
<b>Expenditures:</b>					
Current:					
General government	7,327,814	-	-	41,406	7,369,220
Judicial	1,513,953	-	-	10,248	1,524,201
Public safety	11,541,669	-	-	1,146,739	12,688,408
Public works	2,175,641	-	-	-	2,175,641
Health and welfare	430,759	-	-	-	430,759
Culture and recreation	1,143,027	-	-	-	1,143,027
Housing and development	992,549	-	-	228,553	1,221,102
Intergovernmental	-	106,217	347,434	-	453,651
Capital outlays	-	1,222,249	231,187	2,141,293	3,594,729
Debt service:					
Principal	-	-	324,290	340,506	664,796
Interest	-	-	-	50,333	50,333
Total expenditures	25,125,412	1,328,466	902,911	3,959,078	31,315,867
Excess (deficiency) of revenues over (under) expenditures	2,558,444	(510,067)	2,573,253	(218,258)	4,403,372
<b>Other financing sources (uses):</b>					
Transfers in	29,696	-	-	912,303	941,999
Transfers out	(1,058,066)	-	-	(29,696)	(1,087,762)
Proceeds from sale of capital assets	78,214	-	-	-	78,214
Total other financing sources (uses)	(950,156)	-	-	882,607	(67,549)
Net change in fund balances	1,608,288	(510,067)	2,573,253	664,349	4,335,823
<b>Fund balances, beginning of year</b>	10,213,159	3,128,096	-	2,167,006	15,508,261
<b>Fund balances, end of year</b>	\$ 11,821,447	\$ 2,618,029	\$ 2,573,253	\$ 2,831,355	\$ 19,844,084

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

# 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, 2020

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

Net change in fund balances - total governmental funds	\$ 4,335,823
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.</p>	
Total capital outlay	2,887,787
Total depreciation expense	(3,857,714)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.</p>	
	3,033,768
<p>The issuance of long-term debt provides current financial resources to governmental funds, and thus contributes to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The items that make up these differences in the treatment of long-term debt and related items are as follows:</p>	
Principal repayments	924,836
<p>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.</p>	
	551,518
<p>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.</p>	
	294,029
<p>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.</p>	
Change in compensated absences	(56,213)
Change in net pension liability and related deferred inflows/outflows	(85,066)
Change in net position of governmental activities	<u>\$ 8,028,768</u>

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 15,054,200	\$ 15,146,200	\$ 15,750,956	\$ 604,756
Sales taxes	2,958,000	2,958,000	2,930,704	(27,296)
Other taxes	2,084,509	2,087,789	2,347,884	260,095
Licenses and permits	217,230	217,230	250,069	32,839
Intergovernmental	8,489	36,956	388,398	351,442
Charges for services	4,152,698	4,215,406	4,467,995	252,589
Fines and forfeitures	663,635	663,635	654,597	(9,038)
Interest income	73,850	73,850	84,611	10,761
Other revenues	121,116	384,049	808,642	424,593
Total revenues	25,333,727	25,783,115	27,683,856	1,900,741
<b>Expenditures:</b>				
<b>Current:</b>				
General government:				
County commissioners	1,306,389	1,167,749	1,468,078	(300,329)
County manager	547,069	548,272	524,505	23,767
Elections	222,633	215,005	284,846	(69,841)
Information technology	456,737	450,709	246,358	204,351
Tax commissioner	389,314	420,169	418,850	1,319
Tax assessor	448,883	580,131	584,733	(4,602)
Building and grounds	483,859	741,448	935,339	(193,891)
Utility billing	2,773,081	2,865,093	2,865,105	(12)
Total general government	6,627,965	6,988,576	7,327,814	(339,238)
Judicial:				
Superior court	532,641	531,778	501,242	30,536
District attorney	91,386	91,386	91,386	-
Magistrate court	419,161	417,491	419,080	(1,589)
Probate court	239,874	237,074	243,858	(6,784)
Juvenile court	61,835	61,835	57,798	4,037
Public defender	230,966	230,966	200,589	30,377
Total judicial	1,575,863	1,570,530	1,513,953	56,577

# 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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures: (Continued)</b>				
<b>Current: (Continued)</b>				
Public safety:				
Public safety	\$ 4,864,212	\$ 4,869,478	\$ 4,926,220	\$ (56,742)
Sheriff's department	4,123,358	4,134,006	4,100,097	33,909
Jail	2,311,024	2,311,023	2,273,697	37,326
Coroner	38,925	38,667	39,643	(976)
Animal control	196,225	201,806	202,012	(206)
Total public safety	11,533,744	11,554,980	11,541,669	13,311
Public works	2,081,872	2,159,013	2,175,641	(16,628)
Health and welfare:				
Department of Family and Children Services	16,000	16,000	16,000	-
Extension service	92,875	92,294	93,385	(1,091)
Health services	327,425	326,603	321,374	5,229
Total health and welfare	436,300	434,897	430,759	4,138
Culture and recreation:				
Recreation	489,402	491,001	501,334	(10,333)
Library	641,693	641,693	641,693	-
Total culture and recreation	1,131,095	1,132,694	1,143,027	(10,333)
Housing and development:				
Code enforcement	279,364	274,576	277,096	(2,520)
Economic development	5,500	5,500	4,025	1,475
Planning and engineering	320,745	340,311	332,786	7,525
Building inspections	410,301	405,660	378,642	27,018
Total housing and development	1,015,910	1,026,047	992,549	33,498
Debt service:				
Interest	7,000	7,000	-	7,000
Total debt service	7,000	7,000	-	7,000
 Total expenditures	24,409,749	24,873,737	25,125,412	(251,675)
 Excess of revenues over expenditures	923,978	909,378	2,558,444	1,649,066



# 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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	\$ 31,700	\$ 46,300	\$ 78,214	\$ 31,914
Transfers in	29,696	29,696	29,696	-
Transfers out	(985,374)	(985,374)	(1,058,066)	(72,692)
Total other financing sources (uses)	(923,978)	(909,378)	(950,156)	(40,778)
Net change in fund balances	-	-	1,608,288	1,608,288
<b>Fund balance, beginning of year</b>	10,213,159	10,213,159	10,213,159	-
<b>Fund balance, end of year</b>	\$ 10,213,159	\$ 10,213,159	\$ 11,821,447	\$ 1,608,288

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

# LEE COUNTY, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2020

ASSETS	Business-type Activities - Enterprise Funds			Governmental Activity
	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 58	\$ 13,097	\$ 13,155	\$ 644,069
Accounts receivable, net of allowances	18,091	165	18,256	172,197
Total current assets	18,149	13,262	31,411	816,266
<b>NONCURRENT ASSETS</b>				
Capital assets:				
Nondepreciable	-	163,000	163,000	-
Total noncurrent assets	-	163,000	163,000	-
Total assets	18,149	176,262	194,411	816,266
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	-	15,029	15,029	-
Accrued expenses	-	2,604	2,604	-
Due to other funds	-	5	5	-
Claims payable	-	-	-	245,853
Current portion - compensated absences	-	2,484	2,484	-
Current portion - note payable	21,587	-	21,587	-
Total current liabilities	21,587	20,122	41,709	245,853
<b>LONG-TERM LIABILITIES</b>				
Note payable, net of current portion	91,284	-	91,284	-
Compensated absences, net of current portion	-	4,613	4,613	-
Accrued landfill closure/post-closure care costs	-	242,315	242,315	-
Total long-term liabilities	91,284	246,928	338,212	-
Total liabilities	112,871	267,050	379,921	245,853
<b>NET POSITION</b>				
Net investment in capital assets	-	163,000	163,000	-
Unrestricted (deficit)	(94,722)	(253,788)	(348,510)	570,413
Total net position (deficit)	\$ (94,722)	\$ (90,788)	\$ (185,510)	\$ 570,413

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, 2020

	Business-type Activities - Enterprise Funds			Governmental Activity
	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ -	\$ 173,956	\$ 173,956	\$ 3,980,881
Miscellaneous	523	-	523	114,314
Total operating revenues	523	173,956	174,479	4,095,195
<b>OPERATING EXPENSES</b>				
Salaries and benefits	-	78,439	78,439	-
Cost of sales and services	386	133,777	134,163	-
Claims	-	-	-	2,845,426
Administration	-	-	-	957,324
Closure/post-closure care costs	-	44,700	44,700	-
Depreciation	45,397	-	45,397	-
Total operating expenses	45,783	256,916	302,699	3,802,750
Operating income (loss)	(45,260)	(82,960)	(128,220)	292,445
<b>NONOPERATING INCOME (EXPENSE)</b>				
Investment income	-	42	42	1,584
Interest expense	(3,123)	-	(3,123)	-
Total nonoperating income (expense)	(3,123)	42	(3,081)	1,584
Income (loss) before transfers	(48,383)	(82,918)	(131,301)	294,029
<b>TRANSFERS</b>				
Transfers in	22,250	123,513	145,763	-
Transfer of capital assets	(3,033,768)	-	(3,033,768)	-
Total transfers	(3,011,518)	123,513	(2,888,005)	-
Change in net position	(3,059,901)	40,595	(3,019,306)	294,029
<b>NET POSITION (DEFICIT), beginning of year</b>	2,965,179	(131,383)	2,833,796	276,384
<b>NET POSITION (DEFICIT), end of year</b>	\$ (94,722)	\$ (90,788)	\$ (185,510)	\$ 570,413

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, 2020**

	Business-type Activities - Enterprise Funds			Governmental Activity
	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 2,577	\$ 173,895	\$ 176,472	\$ 4,026,023
Payments to suppliers	(386)	(215,147)	(215,533)	-
Payments for insurance claims	-	-	-	(3,874,343)
Payments to employees	-	(79,901)	(79,901)	-
Net cash provided by (used in) operating activities	2,191	(121,153)	(118,962)	151,680
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	22,250	123,513	145,763	-
Net cash provided by noncapital financing activities	22,250	123,513	145,763	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal paid on long-term debt	(21,260)	-	(21,260)	-
Interest paid on long-term debt	(3,123)	-	(3,123)	-
Net cash used in capital and related financing activities	(24,383)	-	(24,383)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	-	42	42	1,584
Net cash provided by investing activities	-	42	42	1,584
Net increase in cash and cash equivalents	58	2,402	2,460	153,264
<b>Cash and cash equivalents:</b>				
Beginning of year	-	10,695	10,695	490,805
End of year	\$ 58	\$ 13,097	\$ 13,155	\$ 644,069

# LEE COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-type Activities - Enterprise Funds			Governmental Activity
	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ (45,260)	\$ (82,960)	\$ (128,220)	\$ 292,445
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	45,397	-	45,397	-
(Increase) decrease in accounts receivable	2,054	(51)	2,003	(69,172)
Decrease in accounts payable	-	(2,054)	(2,054)	-
Increase in accrued expenses	-	359	359	-
Decrease in due to other funds	-	(10)	(10)	-
Decrease in claims payable	-	-	-	(71,593)
Decrease in compensated absences	-	(1,821)	(1,821)	-
Decrease in accrued closure/post-closure costs	-	(34,616)	(34,616)	-
Net cash provided by (used in) operating activities	<u>\$ 2,191</u>	<u>\$ (121,153)</u>	<u>\$ (118,962)</u>	<u>\$ 151,680</u>
<b>Noncash flows from capital and related financing activities</b>				
Transfers of capital assets to governmental activities	\$ (3,033,768)	\$ -	\$ (3,033,768)	\$ -

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

**LEE COUNTY, GEORGIA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS**

**JUNE 30, 2020**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 416,067
Taxes receivable	<u>350,552</u>
Total assets	<u>\$ 766,619</u>
<b>LIABILITIES</b>	
Due to others	\$ 416,067
Uncollected taxes	<u>350,552</u>
Total liabilities	<u>\$ 766,619</u>

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

# LEE COUNTY, GEORGIA

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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### 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 accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Lee County, Georgia (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

#### Blended Component Units

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### A. Reporting Entity (Continued)

##### Discretely Presented Component Units

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

The Lee County Utilities Authority (the “Utilities Authority”) is governed by a seven-member board with all members appointed by the County Commissioners. The Utilities Authority is responsible for the day-to-day operations of the County’s water and wastewater systems, in addition to billing and processing payments for the County’s solid waste bills. The Utilities Authority has a June 30<sup>th</sup> 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

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### 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% SPLOST VI Fund** is a capital projects fund used to account for the receipt and expenditure of the special purpose sales tax which was approved by the voters for a six-year period effective October 1, 2013 through September 30, 2019.

The **1% SPLOST VII Fund** is a capital projects fund used to account for the receipt and expenditure of the special purpose sales tax which was approved by the voters for a six-year period effective October 1, 2019 through September 30, 2025.

## NOTES TO FINANCIAL STATEMENTS

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. Interfund Receivables and Payables

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

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

#### E. Prepaid Items

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

#### F. Capital Assets

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

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

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets is included as part of the capitalized value of the assets constructed. No interest expense was capitalized during the fiscal year ended June 30, 2020.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Capital Assets (Continued)

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

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

#### G. Compensated Absences

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

#### H. Long-Term Obligations

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### I. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the balance sheet and statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item, other than those relating to the County's pension plan which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report *unavailable revenues* from property taxes and sales tax, 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 type of item, other than those relating to the pension plan which is reported in the government-wide statement of net position. The deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price, and is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. Fund Equity

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. Fund Equity (Continued)

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

- Committed
- Assigned
- Unassigned

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

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

At June 30, 2020, the Solid Waste Fund and the Parks and Recreation Authority had deficit net position of \$90,788 and \$94,722, respectively. These deficits will be eliminated through additional charges for services and transfers from the General Fund.

#### K. Use of Estimates

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



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING

#### Budget Process

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

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

1. Prior to June 30, the Co-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 accounting principles generally accepted in the United States of America.

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

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

#### Capital Projects Budget

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

#### Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2020, expenditures in the following General Fund departments exceeded budget.

Department	Excess
County Commission	\$ 300,329
Elections	69,841
Tax Assessor	4,602
Buildings and Grounds	193,891
Utility Billing	12
Magistrate Court	1,589
Probate Court	6,784
Public Safety	56,742
Corner	976
Animal Control	206
Public Works	16,628
Extension Service	1,091
Recreation	10,333
Code Enforcement	2,520
Transfer Out	72,692

### NOTE 3. DEPOSITS AND INVESTMENTS

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

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

At June 30, 2020, the County held the following investments:

Investments	Maturities	Rating	Fair Value
Georgia Fund 1	38-day weighted average	AAAf	\$ 8,139,361

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

**Fair Value Measurements.** The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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, 2020, 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 24, 2019. Bills are payable on or before December 20, 2019. The lien date for unpaid taxes is April 2, 2020. After that date, an interest penalty of 18% applies. The County bills and collects its own property taxes. Property taxes levied for 2019 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2020, and collected by August 31, 2020, are recognized as revenues in the year ended June 30, 2020. Receivables at June 30, 2020, for the County's individual major and nonmajor funds in the aggregate are as follows:

	General	Nonmajor Governmental Funds	Parks and Recreation Authority	Solid Waste Fund	Internal Service Fund	Total
Receivables:						
Taxes	\$ 164,136	\$ -	\$ -	\$ -	\$ -	\$ 164,136
Accounts	2,386,742	94,046	194,781	165	172,197	2,847,931
Gross receivables	2,550,878	94,046	194,781	165	172,197	3,012,067
Less allowance for uncollectibles	(1,703,318)	-	(176,690)	-	-	(1,880,008)
Net receivables	<u>\$ 847,560</u>	<u>\$ 94,046</u>	<u>\$ 18,091</u>	<u>\$ 165</u>	<u>\$ 172,197</u>	<u>\$ 1,132,059</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

#### A. Primary Government

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land and improvements	\$ 4,329,106	\$ -	\$ -	\$ 2,536,452	\$ 6,865,558
Construction in progress	307,806	413,069	-	(282,737)	438,138
Total capital assets, not being depreciated	<u>4,636,912</u>	<u>413,069</u>	<u>-</u>	<u>2,253,715</u>	<u>7,303,696</u>
Capital assets, being depreciated:					
Buildings	22,844,634	-	-	783,985	23,628,619
Infrastructure	117,968,218	967,308	-	282,737	119,218,263
Improvements other than buildings	2,168,951	-	-	399,687	2,568,638
Machinery and equipment	10,144,335	1,507,410	-	-	11,651,745
Total capital assets, being depreciated	<u>153,126,138</u>	<u>2,474,718</u>	<u>-</u>	<u>1,466,409</u>	<u>157,067,265</u>
Less accumulated depreciation for:					
Buildings	(8,861,302)	(1,074,442)	-	(336,965)	(10,272,709)
Infrastructure	(59,835,708)	(2,008,820)	-	-	(61,844,528)
Improvements other than buildings	(1,220,605)	(68,681)	-	(349,391)	(1,638,677)
Machinery and equipment	(5,551,932)	(705,771)	-	-	(6,257,703)
Total accumulated depreciation	<u>(75,469,547)</u>	<u>(3,857,714)</u>	<u>-</u>	<u>(686,356)</u>	<u>(80,013,617)</u>
Total capital assets, being depreciated, net	<u>77,656,591</u>	<u>(1,382,996)</u>	<u>-</u>	<u>780,053</u>	<u>77,053,648</u>
Governmental activities capital assets, net	<u>\$ 82,293,503</u>	<u>\$ (969,927)</u>	<u>\$ -</u>	<u>\$ 3,033,768</u>	<u>\$ 84,357,344</u>

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

Governmental activities:	
General government	\$ 171,457
Judicial	288
Public safety	792,587
Public works	2,790,407
Health and welfare	12,383
Culture and recreation	88,906
Housing and development	1,686
Total depreciation expense - governmental activities	<u>\$ 3,857,714</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS (CONTINUED)

#### A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,699,452	\$ -	\$ -	\$ (2,536,452)	\$ 163,000
Total capital assets, not being depreciated	2,699,452	-	-	(2,536,452)	163,000
Capital assets, being depreciated:					
Building and improvements	1,183,672	-	-	(1,183,672)	-
Total	1,183,672	-	-	(1,183,672)	-
Less accumulated depreciation for:					
Building and improvements	(640,959)	(45,397)	-	686,356	-
Machinery and equipment	-	-	-	-	-
Total	(640,959)	(45,397)	-	686,356	-
Total capital assets, being depreciated, net	542,713	(45,397)	-	(497,316)	-
Business-type activities capital assets, net	\$ 3,242,165	\$ (45,397)	\$ -	\$ (3,033,768)	\$ 163,000

On June 10, 2020, capital assets known collectively as the Grand Island Golf Course were transferred from the Lee County Parks and Recreation Authority to the Development Authority for the use in the development of the Lee County Medical Center. The Development Authority provided consideration in exchange for the assets transferred.

## 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, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Utilities Authority</b>					
Capital assets, not being depreciated:					
Land	\$ 430,907	\$ -	\$ -	\$ (2,800)	\$ 428,107
Construction in progress	1,039,299	241,064	-	(1,225,068)	55,295
Total capital assets, not being depreciated	<u>1,470,206</u>	<u>241,064</u>	<u>-</u>	<u>(1,227,868)</u>	<u>483,402</u>
Capital assets, being depreciated:					
Infrastructure	35,727,876	422,601	-	1,227,868	37,378,345
Machinery and equipment	845,630	124	-	-	845,754
Total	<u>36,573,506</u>	<u>422,725</u>	<u>-</u>	<u>1,227,868</u>	<u>38,224,099</u>
Less accumulated depreciation for:					
Infrastructure	(18,406,867)	(1,158,685)	-	-	(19,565,552)
Machinery and equipment	(767,199)	(35,150)	-	-	(802,349)
Total	<u>(19,174,066)</u>	<u>(1,193,835)</u>	<u>-</u>	<u>-</u>	<u>(20,367,901)</u>
Total capital assets, being depreciated, net	<u>17,399,440</u>	<u>(771,110)</u>	<u>-</u>	<u>1,227,868</u>	<u>17,856,198</u>
Utilities Authority capital assets, net	<u>\$ 18,869,646</u>	<u>\$ (530,046)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,339,600</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT

The following is a summary of long-term debt activity for the County for the fiscal year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Note payable from					
direct borrowing	\$ 817,395	\$ -	\$ (193,257)	\$ 624,138	\$ 200,187
Financed purchase from					
direct borrowing	648,581	-	(324,290)	324,291	324,291
Capital leases payable	577,466	-	(407,289)	170,177	170,177
Net pension liability	2,567,201	1,599,700	(1,901,184)	2,265,717	-
Compensated absences	967,403	56,213	-	1,023,616	204,724
Governmental activities					
long-term liabilities	<u>\$ 5,578,046</u>	<u>\$ 1,655,913</u>	<u>\$ (2,826,020)</u>	<u>\$ 4,407,939</u>	<u>\$ 899,379</u>
<b>Business-type activities:</b>					
Note payable from					
direct borrowing	\$ 134,131	\$ -	\$ (21,260)	\$ 112,871	\$ 21,587
Landfill post-closure liability	276,931	-	(34,616)	242,315	-
Compensated absences	8,918	-	(1,821)	7,097	2,484
Business-type activities					
long-term liabilities	<u>\$ 419,980</u>	<u>\$ -</u>	<u>\$ (57,697)</u>	<u>\$ 362,283</u>	<u>\$ 24,071</u>

For governmental funds, compensated absences, capital leases, and financed purchases are liquidated by the General Fund and E-911 Fund. For business-type activities, compensated absences are liquidated by the Solid Waste Fund.

For governmental activities, reductions in the balance of capital leases payable include \$260,040 for capital leases terminated by the County during the year with the equipment returned to the lessor.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Notes Payable from Direct Borrowings

During fiscal year 2013, the Development Authority of Lee County, a blended component unit, entered into an agreement with a local financial institution in the amount of \$2,122,617 to finance the acquisition of land. The note was renewed on January 23, 2019. The note is due in annual installments of \$224,958 beginning January 23, 2020 and continuing through January 23, 2023. Any principal and interest not encompassed in the foregoing payment schedule will be due at maturity. The note carries an interest rate of 3.90% and is collateralized by land. The outstanding balance at June 30, 2020 was \$624,138.

Debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2021	\$ 200,187	\$ 24,771	\$ 224,958
2022	208,170	16,788	224,958
2023	215,781	8,557	224,338
Total	<u>\$ 624,138</u>	<u>\$ 50,116</u>	<u>\$ 674,254</u>

The Lee County Parks & Recreation Authority, a blended component unit of the County, refinanced a note payable with a local financial institution to fund renovations at the golf course. The note is dated May 5, 2015 with an original balance of \$212,541 and an interest rate of 2.75%. The total balance outstanding as of June 30, 2020 was \$112,871.

Debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2021	\$ 21,587	\$ 2,796	\$ 24,383
2022	22,189	2,195	24,384
2023	22,807	1,577	24,384
2024	23,442	942	24,384
2025	22,846	2,886	25,732
	<u>\$ 112,871</u>	<u>\$ 10,396</u>	<u>\$ 123,267</u>

#### Financed Purchase from Direct Borrowings

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



## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

Future payments on the financed equipment as of June 30, 2020 are as follows:

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 324,291	\$ -	\$ 324,291

**Capital Leases.** The County entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments as of the inception date. The interest rate on the leases is 2.08%.

The cost and related accumulated depreciation of assets under capital leases as of June 30, 2020 is as follows:

Machinery and equipment	\$ 317,075
Less: accumulated depreciation	(213,243)
Total	<u>\$ 103,832</u>

The County recorded depreciation expense in the amount of \$40,032 on its capital leases for the year ended June 30, 2020.

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

Fiscal year ending June 30,	
2021	\$ 171,669
Total minimum lease payments	171,669
Less amount representing interest	(1,491)
Total	<u>\$ 170,178</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 \$242,315, which is based on 100% of landfill capacity used to date. Actual costs may be higher due to inflation, deflation, revisions to laws, or regulations, or changes in technology.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

The following is a summary of long-term debt activity for the Utilities Authority (component unit) for the fiscal year ended June 30, 2020:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Utilities Authority</b>					
Revenue bonds	\$ 9,485,000	\$ -	\$ (170,000)	\$ 9,315,000	\$ 255,000
Direct placement bonds	8,665,000	-	(888,681)	7,776,319	913,863
Note payable from direct borrowing	682,813	34,925	(42,560)	675,178	45,368
Net pension liability	131,537	85,898	(95,774)	121,661	-
Compensated absences	64,794	1,684	-	66,478	23,267
Utilities Authority long-term liabilities	<u>\$ 19,029,144</u>	<u>\$ 122,507</u>	<u>\$ (1,197,015)</u>	<u>\$ 17,954,636</u>	<u>\$ 1,237,498</u>

#### Revenue Bonds – Series 2015 Bonds

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

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

<b>Fiscal year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 255,000	\$ 316,111	\$ 571,111
2022	255,000	310,410	565,410
2023	260,000	304,750	564,750
2024	845,000	289,475	1,134,475
2025	770,000	265,250	1,035,250
2026 - 2030	4,090,000	963,175	5,053,175
2031 - 2033	2,840,000	173,600	3,013,600
	<u>\$ 9,315,000</u>	<u>\$ 2,622,771</u>	<u>\$ 11,937,771</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Direct Placement Bonds – Series 2018 Bonds

In July 2018, the Lee County 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 semiannually on February 1 and August 1 of each year, commencing February 1, 2019. Final payment of principal and interest is due August 1, 2032.

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

Fiscal year ending June 30,	Principal	Interest	Total
2021	\$ 913,863	\$ 215,912	\$ 1,129,775
2022	939,600	189,594	1,129,194
2023	675,000	162,516	837,516
2024	448,581	147,256	595,837
2025	508,413	133,614	642,027
2026 - 2030	2,762,187	440,199	3,202,386
2031 - 2033	1,528,675	66,156	1,594,831
	<u>\$ 7,776,319</u>	<u>\$ 1,355,247</u>	<u>\$ 9,131,566</u>

**Note Payable From Direct Borrowing.** In fiscal year 2018, the Lee County Utilities Authority entered into an agreement with the Georgia Environmental Finance Authority (GEFA) to financing the installation of a 350 KW solar photovoltaic system in the amount of up to \$998,000. The project was completed in fiscal year 2020. The original amount of the loan was \$945,190 for which \$236,179 was forgiven. Principal and interest at 0.65% are payable monthly, commencing October 1, 2019. Final payment of principal and interest is due September 1, 2024. The outstanding principle balance at June 30, 2020 is \$675,178.

Debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2021	\$ 45,368	\$ 4,254	\$ 49,622
2022	45,664	3,958	49,622
2023	45,962	3,660	49,622
2024	46,261	3,361	49,622
2025	46,563	3,059	49,622
2026 - 2030	237,408	10,701	248,109
2031 - 2035	207,952	2,941	210,893
	<u>\$ 675,178</u>	<u>\$ 31,934</u>	<u>\$ 707,112</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2020, is as follows:

**Due to/from other funds:**

Receivable Fund	Payable Fund	Amount
General Fund	SPLOST VII Fund	\$ 100
General Fund	Solid Waste Fund	5
		\$ 105

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

**Due to/from primary government and component units:**

Receivable	Payable	Amount
General Fund	Utility Authority	\$ 2,009

**Interfund transfers:**

Transfers Out	Transfers In				Total
	General Fund	Nonmajor Governmental Funds	Solid Waste Fund	Parks and Recreation Authority	
General Fund	\$ -	\$ 912,303	\$ 123,513	\$ 22,250	\$ 1,058,066
Nonmajor Governmental Funds	29,696	-	-	-	29,696
	\$ 29,696	\$ 912,303	\$ 123,513	\$ 22,250	\$ 1,087,762

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

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### 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 GEBCorp and affiliated with the Association of County Commissioners of Georgia ("ACCG"). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at [www.gebcorp.com](http://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, 2019, the date of the most recent actuarial valuation, there were 368 participants as follows:

Inactive plan members (or beneficiary) currently receiving benefits	21
Inactive plan members entitled to but not yet receiving benefits	102
Active plan members	245
Total	<u>368</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of ACCG has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the County Board of Commissioners, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the actuarially determined rate. For the year ended June 30, 2020, the County's contribution was 5.28% of annual payroll. County contributions to the Plan were \$499,653 for the year ended June 30, 2020.

#### Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2019, with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2019.

#### Net Pension Liability

*Actuarial assumptions.* The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the Pub-2010 amount weighted mortality table with a blend of 50% of the General Employees and 50% of the Public Safety Employees with a scale AA to 2019.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Net Pension Liability (Continued)

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

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, 2019, 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, 2020, were as follows:

	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2019	\$ 9,753,229	\$ 7,054,491	\$ 2,698,738
Changes for the year:			
Service Cost	380,411	-	380,411
Interest	676,653	-	676,653
Differences between expected and actual experience	(7,544)	-	(7,544)
Assumption changes	520,084	-	520,084
Contributions - employer	-	499,653	(499,653)
Net investment income	-	1,489,761	(1,489,761)
Benefit payments, including refunds of employee contributions	(173,523)	(173,523)	-
Administrative expense	-	(59,944)	59,944
Other changes	-	(48,506)	48,506
Net changes	<u>1,396,081</u>	<u>1,707,441</u>	<u>(311,360)</u>
Balances at June 30, 2020	<u>\$ 11,149,310</u>	<u>\$ 8,761,932</u>	<u>\$ 2,387,378</u>

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

The net pension liability of \$2,387,378 is allocated to governmental activities of the County and the Lee County Utilities Authority based on their respective share of the liability.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Net Pension Liability (Continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's Net Pension Liability	\$ 4,143,105	\$ 2,387,378	\$ 962,648

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, 2019, 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, 2020, the County recognized pension expense of \$595,400. At June 30, 2020, 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	\$ -	\$ 432,743
Assumption changes	847,096	227,436
Differences between expected and actual experience of economic/demographic (gains)/losses	230,659	739,996
Total	\$ 1,077,755	\$ 1,400,175

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Year ending June 30:	
2021	\$ (110,762)
2022	(117,023)
2023	(21,853)
2024	(196,365)
2025	41,619
Thereafter	81,964
Total	<u>\$ (322,420)</u>

### NOTE 9. RISK MANAGEMENT

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. RISK MANAGEMENT (CONTINUED)

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

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

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

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

	<b>2020</b>	2019
Unpaid claims, beginning of year	<b>\$ 317,446</b>	\$ 199,441
Incurred claims and changes in estimates	<b>2,845,426</b>	3,170,386
Claim payments	<b>(2,917,019)</b>	(3,052,381)
Unpaid claims, end of year	<b><u>\$ 245,853</u></b>	<b><u>\$ 317,446</u></b>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. COMMITMENTS AND CONTINGENCIES

#### Litigation

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

#### Grant Contingencies

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

### NOTE 11. JOINT VENTURES

Under Georgia law, the County, in conjunction with other cities and counties in the Southwest Georgia area, is a member of the Southwest Georgia Regional Commission (RC) and is required to pay annual dues thereto. During the year ended June 30, 2020, the County paid \$28,793 in such dues. Membership in the RC is required by the Official Code of Georgia Annotated (OCGA) Section 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. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. 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, 2020 were \$2,911. No expenditures or transfers out were incurred during the fiscal year ended June 30, 2020.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 14. TAX ABATEMENT PROGRAMS**

GASB Statement No. 77, *Tax Abatement Disclosures*, requires the County to disclose information for any tax abatement agreements either entered into by the County, or agreements entered into by other governments that reduce the County's tax revenues. As of June 30, 2020, the County did not have any such agreements, either entered into by the County or by other governments.

## REQUIRED SUPPLEMENTARY INFORMATION

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

	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability - Beginning of Year</b>	<b>\$ 9,753,229</b>	\$ 8,915,388	\$ 8,644,381	\$ 7,816,878	\$ 6,465,814	\$ 5,646,475
Service Cost	380,411	426,394	477,903	446,272	447,004	444,815
Interest on the Total Pension Liability	682,726	642,257	621,871	584,588	482,064	421,716
Liability Experience (Gain)/Loss	(7,544)	202,821	(715,688)	(506,941)	160,036	-
Changes of Assumptions	520,084	(320,266)	20,644	348,342	338,535	-
Benefit Payments	(179,596)	(113,365)	(133,723)	(44,758)	(76,575)	(47,192)
Net Change in Total Pension Liability	<b>1,396,081</b>	837,841	271,007	827,503	1,351,064	819,339
<b>Total Pension Liability - End of Year (a)</b>	<b>11,149,310</b>	9,753,229	8,915,388	8,644,381	7,816,878	6,465,814
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<b>7,054,491</b>	7,031,179	5,698,869	4,848,328	4,325,599	3,687,107
Contributions - Employer	499,653	551,592	657,635	638,935	657,405	503,835
Net Investment Income	1,489,761	(335,226)	912,232	354,482	38,236	273,820
Benefit Payments	(173,523)	(113,365)	(133,723)	(44,758)	(76,575)	(47,192)
Administrative Expenses	(59,944)	(47,679)	(49,348)	(49,420)	(48,186)	(47,622)
Other Receipts	(48,506)	(32,010)	(54,486)	(48,698)	(48,151)	(44,349)
Net Change in Plan Fiduciary Net Position	<b>1,707,441</b>	23,312	1,332,310	850,541	522,729	638,492
<b>Plan Fiduciary Net Position - End of Year (b)</b>	<b>8,761,932</b>	7,054,491	7,031,179	5,698,869	4,848,328	4,325,599
<b>County's Net Pension Liability (a) - (b)</b>	<b>2,387,378</b>	2,698,738	1,884,209	2,945,512	2,968,550	2,140,215
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>78.59%</b>	72.33%	78.87%	65.93%	62.02%	66.90%
<b>Covered Payroll</b>	<b>\$11,442,455</b>	\$ 9,186,873	\$10,006,196	\$ 9,238,642	\$ 9,675,437	\$ 9,693,809
<b>Net Pension Liability as a Percentage Covered Payroll of the</b>	<b>20.9%</b>	29.4%	18.8%	31.9%	30.7%	22.1%

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

## REQUIRED SUPPLEMENTARY INFORMATION

### DEFINED BENEFIT RETIREMENT PLAN SCHEDULE OF COUNTY CONTRIBUTIONS

	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 498,895	\$ 550,496	\$ 638,157	\$ 605,393	\$ 601,121	\$ 611,182
Actual Contributions During the Year	<b>499,653</b>	551,592	657,635	638,935	657,405	503,835
Contribution Deficiency/(Excess)	<b><u>(758)</u></b>	<u>(1,096)</u>	<u>(19,478)</u>	<u>(33,542)</u>	<u>(56,284)</u>	<u>107,347</u>
Covered Payroll	<b>\$11,442,455</b>	\$ 9,186,873	\$10,006,196	\$ 9,238,642	\$ 9,675,437	\$ 9,693,809
Contributions as a Percentage of Covered Payroll	<b>4.37%</b>	6.00%	6.57%	6.92%	6.79%	5.20%

### NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

Changes since prior valuation: The mortality table was changed from RP-2000 with scale AA projected to 2018 to Pub-2010 GE (50%) and PS (50%) amount weighted with scale AA to 2019.

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

**LEE COUNTY, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2020**

<b>ASSETS</b>	<b>Special Revenue Funds</b>	<b>TSPLOST Fund</b>	<b>Total</b>
Cash and cash equivalents	\$ 1,063,559	\$ 3,766	\$ 1,067,325
Investments	548,531	880,082	1,428,613
Accounts receivable	94,046	-	94,046
Due from other governments	1,058	408,347	409,405
<b>Total assets</b>	<b>\$ 1,707,194</b>	<b>\$ 1,292,195</b>	<b>\$ 2,999,389</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 127	\$ 148,187	\$ 148,314
Accrued liabilities	19,720	-	19,720
<b>Total liabilities</b>	<b>19,847</b>	<b>148,187</b>	<b>168,034</b>
<b>FUND BALANCES</b>			
Restricted for:			
Judicial	60,207	-	60,207
Public safety	337,503	-	337,503
Economic development	648,318	-	648,318
Capital projects	-	1,144,008	1,144,008
<b>Total fund balances</b>	<b>1,687,347</b>	<b>1,144,008</b>	<b>2,831,355</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,707,194</b>	<b>\$ 1,292,195</b>	<b>\$ 2,999,389</b>



# LEE COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	TSPLOST Fund	Total
<b>Revenues:</b>			
Sales taxes	\$ -	\$ 2,912,758	\$ 2,912,758
Other taxes	2,911	-	2,911
Charges for services	708,365	-	708,365
Fines and forfeitures	61,518	-	61,518
Investment income	10,546	9,854	20,400
Other revenues	34,868	-	34,868
Total revenues	818,208	2,922,612	3,740,820
<b>Expenditures:</b>			
Current:			
General government	41,406	-	41,406
Judicial	10,248	-	10,248
Public safety	1,146,739	-	1,146,739
Economic development	228,553	-	228,553
Capital outlay	-	2,141,293	2,141,293
Debt service:			
Principal	193,257	147,249	340,506
Interest	31,701	18,632	50,333
Total expenditures	1,651,904	2,307,174	3,959,078
Excess (deficiency) of revenues over (under) expenditures	(833,696)	615,438	(218,258)
<b>Other financing sources (uses):</b>			
Transfers in	912,303	-	912,303
Transfers out	(29,696)	-	(29,696)
Total other financing sources, net	882,607	-	882,607
Net change in fund balances	48,911	615,438	664,349
<b>Fund balances, beginning of year</b>	1,638,436	528,570	2,167,006
<b>Fund balances, end of year</b>	\$ 1,687,347	\$ 1,144,008	\$ 2,831,355

**LEE COUNTY, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**

**JUNE 30, 2020**

	<b>Drug Abuse Treatment and Education Fund</b>	<b>Jail Fund</b>	<b>District Attorney Forfeiture Fund</b>	<b>Law Library Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 119,366	\$ 39,557	\$ 6,844	\$ 53,363
Investments	8,567	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	-	1,058	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 127,933</u>	<u>\$ 40,615</u>	<u>\$ 6,844</u>	<u>\$ 53,363</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for:				
Public safety	127,933	40,615	-	-
Judicial	-	-	6,844	53,363
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Total fund balances	<u>127,933</u>	<u>40,615</u>	<u>6,844</u>	<u>53,363</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 127,933</u>	<u>\$ 40,615</u>	<u>\$ 6,844</u>	<u>\$ 53,363</u>

<u>E-911 Fund</u>	<u>Special Assessment Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Development Authority</u>	<u>Community Foundation</u>	<u>Total</u>
\$ 38,094	\$ 641,319	\$ 13,472	\$ 94,882	\$ 56,662	\$ 1,063,559
-	-	-	539,964	-	548,531
94,046	-	-	-	-	94,046
-	-	-	-	-	1,058
<u>\$ 132,140</u>	<u>\$ 641,319</u>	<u>\$ 13,472</u>	<u>\$ 634,846</u>	<u>\$ 56,662</u>	<u>\$ 1,707,194</u>
\$ 127	\$ -	\$ -	\$ -	\$ -	\$ 127
19,720	-	-	-	-	19,720
<u>19,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,847</u>
112,293	-	-	-	56,662	337,503
-	-	-	-	-	60,207
-	641,319	-	-	-	641,319
-	-	13,472	634,846	-	648,318
<u>112,293</u>	<u>641,319</u>	<u>13,472</u>	<u>634,846</u>	<u>56,662</u>	<u>1,687,347</u>
<u>\$ 132,140</u>	<u>\$ 641,319</u>	<u>\$ 13,472</u>	<u>\$ 634,846</u>	<u>\$ 56,662</u>	<u>\$ 1,707,194</u>

# LEE COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Drug Abuse Treatment and Education Fund	Jail Fund	District Attorney Forfeiture Fund	Law Library Fund
<b>Revenues:</b>				
Other taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Fines and forfeitures	12,074	42,720	-	6,724
Investment income	455	139	24	159
Other revenues	-	-	-	-
Total revenues	12,529	42,859	24	6,883
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	6,117	13,861	-	-
Judicial	-	-	2,350	7,898
Economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,117	13,861	2,350	7,898
Excess (deficiency) of revenues over (under) expenditures	6,412	28,998	(2,326)	(1,015)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	(29,696)	-	-
Total other financing sources (uses)	-	(29,696)	-	-
Net change in fund balances	6,412	(698)	(2,326)	(1,015)
<b>Fund balances, beginning of year</b>	121,521	41,313	9,170	54,378
<b>Fund balances, end of year</b>	\$ 127,933	\$ 40,615	\$ 6,844	\$ 53,363

<b>E-911 Fund</b>	<b>Special Assessment Fund</b>	<b>Hotel/Motel Tax Fund</b>	<b>Development Authority</b>	<b>Community Foundation</b>	<b>Total</b>
\$ -	\$ -	\$ 2,911	\$ -	\$ -	\$ 2,911
627,478	80,887	-	-	-	708,365
-	-	-	-	-	61,518
118	1,833	33	7,785	-	10,546
13,043	-	-	-	21,825	34,868
<u>640,639</u>	<u>82,720</u>	<u>2,944</u>	<u>7,785</u>	<u>21,825</u>	<u>818,208</u>
-	-	-	-	41,406	41,406
1,010,838	115,923	-	-	-	1,146,739
-	-	-	-	-	10,248
-	-	-	228,553	-	228,553
-	-	-	193,257	-	193,257
-	-	-	31,701	-	31,701
<u>1,010,838</u>	<u>115,923</u>	<u>-</u>	<u>453,511</u>	<u>41,406</u>	<u>1,651,904</u>
<u>(370,199)</u>	<u>(33,203)</u>	<u>2,944</u>	<u>(445,726)</u>	<u>(19,581)</u>	<u>(833,696)</u>
442,000	-	-	470,303	-	912,303
-	-	-	-	-	(29,696)
<u>442,000</u>	<u>-</u>	<u>-</u>	<u>470,303</u>	<u>-</u>	<u>882,607</u>
71,801	(33,203)	2,944	24,577	(19,581)	48,911
<u>40,492</u>	<u>674,522</u>	<u>10,528</u>	<u>610,269</u>	<u>76,243</u>	<u>1,638,436</u>
<u>\$ 112,293</u>	<u>\$ 641,319</u>	<u>\$ 13,472</u>	<u>\$ 634,846</u>	<u>\$ 56,662</u>	<u>\$ 1,687,347</u>

# 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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Fines and forfeitures	\$ 13,135	\$ 13,135	\$ 12,074	\$ (1,061)
Investment income	722	722	455	(267)
Total revenues	13,857	13,857	12,529	(1,328)
<b>Expenditures</b>				
Current				
Public safety	13,857	13,857	6,117	7,740
Total expenditures	13,857	13,857	6,117	7,740
Net change in fund balance	-	-	6,412	6,412
Fund balance, beginning of year	121,521	121,521	121,521	-
Fund balance, end of year	\$ 121,521	\$ 121,521	\$ 127,933	\$ 6,412

# LEE COUNTY, GEORGIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - JAIL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Fines and forfeitures	\$ 29,490	\$ 29,490	\$ 42,720	\$ 13,230
Investment income	206	206	139	(67)
Total revenues	29,696	29,696	42,859	13,163
<b>Expenditures</b>				
Current				
Public Safety	-	-	13,861	(13,861)
Total expenditures	-	-	13,861	(13,861)
Excess of revenues over expenditures	29,696	29,696	28,998	(698)
<b>Other Financing Uses</b>				
Transfers out	(29,696)	(29,696)	(29,696)	-
Net change in fund balance	-	-	(698)	(698)
Fund balance, beginning of year	41,313	41,313	41,313	-
Fund balance, end of year	\$ 41,313	\$ 41,313	\$ 40,615	\$ (698)

# 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, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Fines and forfeitures	\$ 1,946	\$ 1,946	\$ -	\$ (1,946)
Investment income	54	54	24	(30)
Total revenues	2,000	2,000	24	(1,976)
<b>Expenditures</b>				
Current				
Judicial	2,000	2,000	2,350	(350)
Total expenditures	2,000	2,000	2,350	(350)
Net change in fund balance	-	-	(2,326)	(2,326)
Fund balance, beginning of year	9,170	9,170	9,170	-
Fund balance, end of year	\$ 9,170	\$ 9,170	\$ 6,844	\$ (2,326)



# 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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Fines and forfeitures	\$ 8,800	\$ 8,800	\$ 6,724	\$ (2,076)
Investment income	138	138	159	21
Total revenues	8,938	8,938	6,883	(2,055)
<b>Expenditures</b>				
Current				
Judicial	8,938	8,938	7,898	1,040
Total expenditures	8,938	8,938	7,898	1,040
Net change in fund balance	-	-	(1,015)	(1,015)
Fund balance, beginning of year	54,378	54,378	54,378	-
Fund balance, end of year	\$ 54,378	\$ 54,378	\$ 53,363	\$ (1,015)

# 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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Charges for services	\$ 527,095	\$ 527,095	\$ 627,478	\$ 100,383
Investment income	225	225	118	(107)
Miscellaneous revenue	52,353	52,353	13,043	(39,310)
Total revenues	<u>579,673</u>	<u>579,673</u>	<u>640,639</u>	<u>60,966</u>
<b>Expenditures</b>				
Current				
Public safety	<u>1,039,019</u>	<u>1,039,019</u>	<u>1,010,838</u>	<u>28,181</u>
Total expenditures	<u>1,039,019</u>	<u>1,039,019</u>	<u>1,010,838</u>	<u>28,181</u>
Deficiency of revenues over expenditures	(459,346)	(459,346)	(370,199)	89,147
<b>Other Financing Sources</b>				
Transfers in	<u>459,346</u>	<u>459,346</u>	<u>442,000</u>	<u>(17,346)</u>
Net change in fund balance	-	-	71,801	71,801
Fund balance, beginning of year	<u>40,492</u>	<u>40,492</u>	<u>40,492</u>	-
Fund balance, end of year	<u>\$ 40,492</u>	<u>\$ 40,492</u>	<u>\$ 112,293</u>	<u>\$ 71,801</u>

# LEE COUNTY, GEORGIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - SPECIAL ASSESSMENT FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Charges for services	\$ 50,000	\$ 50,000	\$ 80,887	\$ 30,887
Investment income	3,322	3,322	1,833	(1,489)
Total revenues	53,322	53,322	82,720	29,398
<b>Expenditures</b>				
Current				
Culture and Recreation	147,500	147,500	115,923	31,577
Total expenditures	147,500	147,500	115,923	31,577
Deficiency of revenues under expenditures	(94,178)	(94,178)	(33,203)	60,975
<b>Other Financing Sources</b>				
Transfers in	94,178	94,178	-	(94,178)
Net change in fund balance	-	-	(33,203)	(33,203)
Fund balance, beginning of year	674,522	674,522	674,522	-
Fund balance, end of year	\$ 674,522	\$ 674,522	\$ 641,319	\$ (33,203)

# 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, 2020

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	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Other taxes	\$ 3,830	\$ 3,830	\$ 2,911	\$ (919)
Investment income	41	41	33	(8)
Total revenues	3,871	3,871	2,944	(927)
<b>Expenditures</b>				
Current				
Economic development	3,871	3,871	-	3,871
Total expenditures	3,871	3,871	-	3,871
Net change in fund balance	-	-	2,944	2,944
Fund balance, beginning of year	10,528	10,528	10,528	-
Fund balance, end of year	\$ 10,528	\$ 10,528	\$ 13,472	\$ 2,944

# LEE COUNTY, GEORGIA

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - DEVELOPMENT AUTHORITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 7,785	\$ 7,785
Total revenues	-	-	7,785	7,785
<b>Expenditures</b>				
Current				
Economic development	245,284	245,284	228,553	16,731
Debt service				
Principal	-	-	193,257	(193,257)
Interest	-	-	31,701	(31,701)
Total expenditures	245,284	245,284	453,511	(208,227)
Deficiency of revenues under expenditures	(245,284)	(245,284)	(445,726)	(200,442)
<b>Other Financing Sources</b>				
Transfers in	245,345	245,345	470,303	224,958
Total other financing sources	245,345	245,345	470,303	224,958
Net change in fund balance	61	61	24,577	24,516
Fund balance, beginning of year	610,269	610,269	610,269	-
Fund balance, end of year	\$ 610,330	\$ 610,330	\$ 634,846	\$ 24,516

# LEE COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Project Description	Original Estimated Costs	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
<b><i>Sales Tax Referendum SPLOST VII</i></b>					
Public Safety capital projects and equipment	\$ 5,230,447	\$ -	\$ 442,897	\$ 442,897	8%
Courthouse - security, renovations, and records	250,000	-	-	-	0%
Water and sewer system projects	750,000	-	12,084	12,084	2%
Roads, streets, and bridges	4,535,053	-	51,671	51,671	1%
Library projects	250,000	-	2,088	2,088	1%
911 back-up center	500,000	-	-	-	0%
Stormwater projects	500,000	-	11,500	11,500	2%
Public works - renovations and equipment	1,070,884	-	-	-	0%
Public facilities - renovations and GIS	1,000,000	-	35,237	35,237	4%
Recreation projects	3,186,000	-	-	-	0%
Information technology projects	1,000,000	-	-	-	0%
City of Leesburg	2,130,459	-	289,906	289,906	14%
City of Smithville	422,760	-	57,528	57,528	14%
Total expenditures	\$ 20,825,603	\$ -	\$ 902,911	\$ 902,911	

# LEE COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Project Description	Original Estimated Costs	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
<b><i>Sales Tax Referendum SPLOST VI</i></b>					
Public Safety capital projects and equipment	\$ 3,570,000	\$ 5,700,481	\$ 258,863	\$ 5,959,344	100%
Courthouse - security, renovations, and records	500,000	668,623	-	668,623	100%
Water and sewer system projects	2,250,000	1,106,079	1,348	1,107,427	49%
Roads, streets, and bridges	10,738,760	6,986,255	511,211	7,497,466	70%
Oakland Library project	1,200,000	1,165,891	-	1,165,891	97%
Leesburg/Smithville library projects	465,000	74,134	-	74,134	16%
Storm water projects	500,000	686,249	15,746	701,995	100%
Public works - renovations and equipment	250,000	134,640	-	134,640	54%
Public facilities - renovations and GIS	250,000	590,332	435,081	1,025,413	100%
Recreation projects	1,750,000	229,118	-	229,118	13%
City of Leesburg	2,650,000	1,999,510	82,056	2,081,566	79%
City of Smithville	779,370	591,874	24,161	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>\$ 24,563,035</u>	<u>\$ 1,328,466</u>	<u>\$ 25,891,501</u>	

# LEE COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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Project Description	Original Estimated Costs	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Roads, streets, and bridges	\$ 16,995,017	\$ 64,751	\$ 2,307,174	\$ 2,371,925	14%
Total expenditures	<u>\$ 16,995,017</u>	<u>\$ 64,751</u>	<u>\$ 2,307,174</u>	<u>\$ 2,371,925</u>	



# LEE COUNTY, GEORGIA

## COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM PROJECT COST SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<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>
Engineering - Water/Sewer	T-03J-00	\$ 39,403	\$ 39,403	\$ -	\$ 39,403	\$ -
Contingencies	C-03J-01	42,516	-	-	-	-
Water Facilities	P-03J-01	328,362	295,645	-	295,645	-
Administration	A-21A-00	26,176	26,176	-	26,176	-
		<u>\$ 436,457</u>	<u>\$ 361,224</u>	<u>\$ -</u>	<u>\$ 361,224</u>	<u>\$ -</u>

**LEE COUNTY, GEORGIA**

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
SOURCE AND APPLICATION OF FUNDS SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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I	Total Fiscal Year 18 CDBG Awarded to Recipient	\$ 436,457
II	Total Amount Drawdown by Recipient	361,224
III	Less: CDBG Funds Expended by Recipient	361,224
IV	Amount of Fiscal Year 2020 Funds Held by Recipient	-

## AGENCY FUNDS

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**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 ASSETS AND LIABILITIES AGENCY FUNDS

JUNE 30, 2020

		Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff	Total Agency Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$	79,455	\$ 18,553	\$ 149,299	\$ 20,189	\$ 148,571	\$ 416,067
Property taxes receivable		-	-	350,552	-	-	350,552
<b>Total assets</b>	<b>\$</b>	<b>79,455</b>	<b>\$ 18,553</b>	<b>\$ 499,851</b>	<b>\$ 20,189</b>	<b>\$ 148,571</b>	<b>\$ 766,619</b>
<b>LIABILITIES</b>							
Due to others	\$	79,455	\$ 18,553	\$ 149,299	\$ 20,189	\$ 148,571	\$ 416,067
Uncollected taxes		-	-	350,552	-	-	350,552
<b>Total liabilities</b>	<b>\$</b>	<b>79,455</b>	<b>\$ 18,553</b>	<b>\$ 499,851</b>	<b>\$ 20,189</b>	<b>\$ 148,571</b>	<b>\$ 766,619</b>

## **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***

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**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, 2020, and the related notes to the financial statements, which collectively comprise Lee County, Georgia's basic financial statements and have issued our report thereon dated December 23, 2020. Our report includes a reference to other auditors who audited the financial statements of the Lee County Board of Health and the Lee County Development Authority, as described in our report on Lee County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as 2020 – 002 and 2020 – 003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as 2020 – 001 to be a significant deficiency.

### **Compliance and Other Matters**

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

### **Lee County, Georgia's Responses to Findings**

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

### **Purpose of this Report**

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

*Mauldin & Jenkins, LLC*

Albany, Georgia  
December 23, 2020

**LEE COUNTY, GEORGIA**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**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**

There was not an audit of major federal programs for the fiscal year ended June 30, 2020 due to the total amount of federal awards expended during the year being less than \$750,000.



# LEE COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2020 – 001. Segregation of Duties

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

**Condition:** For the fiscal year ended June 30, 2020, 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 work with staff to segregate duties and apply compensating controls to the extent possible.

#### 2020 – 002. Accounts Payable – County and Utilities Authority

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

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

**Context:** See above condition.

# LEE COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

#### 2020 – 002. Accounts Payable – County and Utilities Authority (Continued)

**Effect:** The following adjustments were necessary to properly reflect accounts payable balances:

- An adjustment in the Solid Waste Fund to increase accounts payable and increase expenses by \$15,029.
- An adjustment to increase accounts payable and increase expenses of the Utilities Authority by \$33,510.
- An adjustment to decrease accounts payable and decrease expenditures in the General Fund by \$164,235.

**Recommendation:** We recommend the County implement a process to ensure that accounts payable are properly recorded as of year-end and the accounts payable subledger agrees to the general ledger.

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

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

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

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

**Context:** See above condition.

# LEE COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

#### 2020 – 003. Maintenance of Detail Capital Asset Listings and Depreciation Schedules – Utilities Authority (Continued)

**Effect:** Because the Utilities Authority has not been maintaining the detail listing of capital assets, purchases, donations and construction of capital assets are not being recorded as they occur, which can lead to items being accidentally omitted from the listing during the year-end closeout process. Additionally, with no subsidiary ledgers being maintained for construction projects, all costs associated with a project could potentially not be captured. This is especially true with projects that cross fiscal year-ends. During our audit, we were required to record the following adjustments:

- An entry to increase revenue and decrease accumulated depreciation in the amount of \$84,558 to properly reflect the sale of capital assets.
- An entry to credit expenses and debit construction in progress for \$177,758 to properly reflect capital items.
- An entry of \$150,844 to properly transfer a completed project from construction in progress to infrastructure.
- An entry for \$415,600 to record contributed capital
- An entry in the amount of \$32,577 to reflect depreciation

**Recommendation:** We recommend the Utilities Authority should follow the steps outlined above for capitalization of assets. Purchases and donations of assets/infrastructure should be added to the listing when they occur and not during the year-end closeout process. Additionally, a subsidiary ledger should be maintained for each capital project in process and all costs associated with the project recorded. This will ensure that all costs are captured and the use of SPLOST funds and grant funds (where applicable) are appropriate.

**Views of Responsible Officials and Planned Corrective Action:** We concur. We will update our capital asset processes to incorporate the above recommendations.

# LEE COUNTY, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS

### FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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#### **2019 – 001. Segregation of Duties**

**Criteria:** Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel.

**Condition:** Lee County, Georgia is a small local government and has a limited number of resources and employees. Therefore, the County does not have an adequate number of employees to provide for the proper segregation of duties.

**Auditee Response/Status:** Unresolved – see current year finding 2020-001.

#### **2019 – 002. Maintenance of Detail Capital Asset Listings and Depreciation Schedules - County**

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

**Condition:** During the current fiscal year, the County performed a review of its capital asset listing and updated the listing for any items that were no longer in use and for capital assets that had not previously been included on the listing. During the year, any purchases of vehicles and equipment were appropriately added to the capital asset listing and depreciated. However, the County did not maintain detailed subsidiary ledgers for improvement to existing buildings, infrastructure or construction projects. Additionally, donated capital assets were not recorded.

**Auditee Response/Status:** Resolved.

# LEE COUNTY, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS

### FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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#### **2019 – 003. Maintenance of Detail Capital Asset Listings and Depreciation Schedules – Utilities Authority**

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

**Condition:** The Utilities Authority has not yet performed a complete capital asset inventory, including infrastructure, no detail listing of capital assets is being maintained, and no calculation of depreciation is being performed and recorded in the general ledger.

**Auditee Response/Status:** Unresolved – see current year finding 2020-003.

#### **2019 – 004. Maintenance of General Ledger and Use of Accrual Basis of Accounting – Utilities Authority**

**Criteria:** The Utilities Authority is considered a proprietary type operation and therefore, in accordance with general accepted accounting principles, its financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, which provide more meaningful financial information. Under the economic resources measurement focus, all assets and liabilities are reported, and under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when a liability is incurred.

**Condition:** The Utilities Authority's financial software maintains subsidiary ledgers for customer accounts receivable and for accounts payable. However, transactions associated with the purchase of capital items and expenses associated with capital projects must be posted to the appropriate capital asset balance sheet accounts by accounting personnel. Additionally, issuance of debt, payments of principal and interest on debt must be posted to the appropriate long-term debt liability accounts by accounting personnel. Currently activity associated with capital assets and long-term debt is being recorded as an expense, rather than as a change to capital assets and long-term debt on the balance sheet.

**Auditee Response/Status:** Resolved.