

LAMAR COUNTY, GEORGIA

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020**

LAMAR COUNTY, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
of Lamar County, Georgia
Barnesville, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lamar County, Georgia (the "County"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County'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 ("GAAP"); 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 Lamar County Board of Health (the "Board of Health") or the Barnesville-Lamar County Library (the "Library"), which represents 5.1%, 15.6%, and 25.2%, respectively, of the assets, net position, and revenues of the discretely presented component units. 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 Board of Health and the Library, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2020, and the respective changes in financial position and the budgetary comparison information for the General Fund and the E911 Fund for the year then ended in accordance with GAAP.

Emphasis of Matter

As discussed in Note 16, Lamar County implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, as of January 1, 2020. This standard significantly changed the accounting for the County’s activities previously reported as agency funds. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

GAAP requires that the Management’s Discussion and Analysis (“MD&A”) (on pages 4 through 10), the Schedule of Changes in the County’s Net Pension Liability and Related Ratios (on page 53), and the Schedule of County Contributions (on page 54) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds is presented for the purposes of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A.") § 48-8-121, as listed in the table of contents, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of 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, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of 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 June 25, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lamar County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
June 25, 2021

LAMAR COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

This section of Lamar County, Georgia's (the "County") annual financial report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets of the County exceeded its liabilities at December 31, 2020, by \$17,295,959 (net position) of which \$13,766,531 is net investment in capital assets, \$1,418,558 is restricted for specific purposes, leaving unrestricted net position of \$2,110,870.
- At fiscal year-end December 31, 2020, the County's General Fund reported a total fund balance of \$3,416,383.

Overview of the Financial Statements

This Management's Discussion and Analysis ("MD&A") is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference among the items being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. It is important to note that this statement consolidates the governmental funds' current financial resources (short-term) with capital assets and long-term liabilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the County include general government, judicial, public safety, public works, health and welfare, recreation, and housing and development.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements include not only the County itself (known as the primary government), but also the Lamar County Board of Health (the "Board of Health"), Lamar County Regional Solid Waste Authority (the "LCRSWA"), and the Barnesville-Lamar County Library (the "Library"). These are legally separate entities that are discretely presented component units of the County due to the significance of its operational and financial relationship with the County. Financial information of the component units are reported separately from the financial information presented for the primary government itself.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Lamar County maintains governmental funds to account for the following activities: **General**; **Special Revenue** ("E911", "Drug Seizure", "Law Library", "Drug Court", and the "Hotel Motel Fund"); and **Capital Projects** ("SPLOST 2017 Fund" and the "Capital Projects Fund").

Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Purpose Local Option Sales Tax ("SPLOST") 2017, E911 Fund, and Capital Projects Fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The County adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the General Fund and E911 Fund within the basic financial statements.

Fiduciary Funds. Fiduciary funds are custodial in nature and are not reflected in the government-wide financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$17,295,959 at the close of the most recent fiscal year.

A large portion of the County's net position, 80%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Lamar County Net Position

	Governmental Activities		Percentage Change
	2020	2019	2019-2020
Current and other assets	\$ 6,038,150	\$ 4,279,159	41.11 %
Capital assets	13,734,221	13,734,343	(0.00)
Total assets	19,772,371	18,013,502	9.76
Deferred outflows of resources	317,221	421,860	(24.80)
Long-term liabilities outstanding	1,380,153	1,618,784	(14.74)
Other liabilities	1,177,672	1,748,440	(32.64)
Total liabilities	2,557,825	3,367,224	(24.04)
Deferred inflows of resources	285,253	74,398	283.41
Net position:			
Net investment in capital assets	13,502,376	13,352,828	1.12
Restricted for:			
Judicial	10,786	11,505	(6.25)
Public safety	376,985	198,316	90.09
Housing and development	1,370	-	100.00
Capital projects	1,413,240	1,020,465	38.49
Unrestricted	1,941,757	410,626	372.88
Total net position	\$ 17,246,514	\$ 14,993,740	15.02

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lamar County's Changes in Net Position

	Governmental Activities		Percentage Change
	2020	2019	2019-2020
Revenues			
Program revenues:			
Charges for services	\$ 2,242,099	\$ 2,151,879	4.19 %
Operating grants and contributions	729,743	156,312	366.85
Capital grants and contributions	931,903	1,048,674	(11.14)
General revenues:			
Property taxes	7,519,053	6,969,300	7.89
Sales taxes	3,366,124	3,045,938	10.51
Other taxes	986,313	917,075	7.55
Unrestricted investment earnings	200	1,316	(84.80)
Gain on sale of assets	146,332	11,792	1,140.94
Total revenues	<u>15,921,767</u>	<u>14,302,286</u>	11.32
Expenses			
General government	2,436,338	3,203,067	(23.94)
Judicial	1,269,014	1,220,582	3.97
Public safety	4,882,422	4,743,831	2.92
Public works	3,507,035	2,403,620	45.91
Health and welfare	394,577	388,307	1.61
Culture and recreation	772,706	851,129	(9.21)
Housing and development	365,134	351,570	3.86
Interest on long-term debt	41,767	67,757	(38.36)
Total expenses	<u>13,668,993</u>	<u>13,229,863</u>	3.32
Change in net position	2,252,774	1,072,423	110.06
Net position, beginning of year	14,993,740	13,921,317	7.70
Net position, end of year	<u>\$ 17,246,514</u>	<u>\$ 14,993,740</u>	15.02

The changes in net position between fiscal years 2020 and 2019, were affected by the following:

- Net change in total revenues is an increase of 11.32%.
- Charges for services increased 4.19% from the prior year. This was the result of normal fluctuations in the charges for services provided by the City.
- Operating grants and contributions increased 366.85% due to CARES Act funding.
- Capital grants and contributions decreased 11.14% due to a decrease in the County's capital projects grants during the current year.
- Increase to public works expenses of 45.91%, was the result of increased capital outlay for various projects during the current year, which was not capitalized at the government-wide level.
- Ultimately, the County reported an increase in net position of \$2,302,219 for the year ended December 31, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, non-spendable fund balance was \$4,266 for inventories and unassigned was \$3,412,117, while the total fund balance was \$3,416,383.

As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Non-spendable fund balance represents .04% of total general fund expenditures and unassigned fund balance represents 31.31%, while total fund balance represents 31.35% of that same amount.

E911 Fund

The E911 Fund is special revenue fund of the County used to account for the operations of the County's E911 system. At the end of the current fiscal year, the fund balance was \$255,302, which was restricted for public safety.

SPLOST 2017 Fund

The SPLOST referendum was passed in fiscal year 2017 to provide proceeds of \$9,366,409 in order to fund multiple capital projects. At the end of the current fiscal year, the SPLOST fund reported expenditures of \$1,760,769 and revenues in the amount of \$2,201,786 resulting in an ending fund balance of \$1,029,417.

Capital Projects Fund

The Capital Projects Fund accounts for the activity of the County's purchase of capital assets that are not acquired with SPLOST monies. Expenditures decreased during the current year as a result of decreased construction and ongoing projects during the current year. As a result of the decrease in expenditures, the Capital Projects Fund reported an increase in fund balance during the current year of \$432,709.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

Over the course of the year, the Board of Commissioners revised the County budget on multiple occasions to avoid budget overruns.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities as of December 31, 2020, amounts to \$13.8 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, vehicles, and infrastructure.

Lamar County's Capital Assets (Net of Depreciation)

	Governmental Activities		Percentage Change
	2020	2019	2019-2020
Land	\$ 1,593,967	\$ 1,593,967	-
Construction in progress	53,800	-	100.00
Buildings and improvements	5,575,628	5,891,437	(5.36)
Machinery and equipment	515,413	224,371	129.71
Vehicles	1,190,788	969,066	22.88
Infrastructure	4,804,625	5,055,502	(4.96)
Total	\$ 13,734,221	\$ 13,734,343	(0.00)

The majority of the increase is the result of the capital asset purchased exceeding depreciation during the current year. Additional information on the County's capital assets can be found in Note 6 of this report.

Long-term Debt. The County's long-term debt for the year ended December 31, 2020, is summarized below.

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Capital leases	\$ 488,285	\$ 370,235	\$ 626,675	\$ 231,845
Landfill post-closure costs	434,329	7,818	-	442,147
Net pension liability	1,386,939	969,383	1,093,945	1,262,377
Total	\$ 2,309,553	\$ 1,347,436	\$ 1,720,620	\$ 1,936,369

Increases to the County's debt were the result of a new capital lease being entered into by the County. Additionally, the net pension liability decreased as a result of actuarial changes made during the current year.

Additional information regarding the County's long-term debt can be found in Note 7 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets

- The millage rate was not increased from the prior year. It remained at 13.157 mills.
- No new grants are anticipated.

These items were taken into account when adopting the General Fund budget for 2021.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Manager, Lamar County Board of Commissioners, 408 Thomaston Street, Suite E, Barnesville, Georgia 30204.

BASIC FINANCIAL STATEMENTS

LAMAR COUNTY, GEORGIA

STATEMENT OF NET POSITION DECEMBER 31, 2020

	Primary Government	Component Units		
	Governmental Activities	Lamar County Board of Health	Lamar County Regional Solid Waste Authority	Barnesville- Lamar County Library
ASSETS				
Cash and cash equivalents	\$ 4,729,703	\$ 414,026	\$ 513,978	\$ 72,237
Investments	-	-	-	170,885
Taxes receivable	926,724	-	-	-
Accounts receivable, net of allowances	11,910	45,511	220,117	-
Due from other governments	365,547	-	-	-
Inventories	4,266	-	-	-
Prepaid items	-	-	36,094	-
Capital assets, nondepreciable	1,647,767	-	19,336,254	-
Capital assets, depreciable, net of accumulated depreciation	12,086,454	18,595	5,668,783	515,959
Total assets	<u>19,772,371</u>	<u>478,132</u>	<u>25,775,226</u>	<u>759,081</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB	-	44,340	-	-
Pension	317,221	92,077	27,584	-
Total deferred outflows of resources	<u>317,221</u>	<u>136,417</u>	<u>27,584</u>	<u>-</u>
LIABILITIES				
Accounts payable	243,905	-	53,250	2,619
Accrued liabilities	294,084	-	915	-
Unearned revenues	-	-	115,439	-
Due to other governments	79,072	-	-	-
Accrued interest	4,395	-	1,264,663	-
Capital leases due within one year	114,069	-	101,268	-
Capital leases due in more than one year	117,776	-	666,625	-
Compensated absences due within one year	-	8,214	-	-
Compensated absences due in more than one year	-	19,167	-	-
Notes payable due in more than one year	-	-	18,837,526	-
Landfill post-closure costs due in more than one year	442,147	-	695,780	-
Net OPEB liability	-	79,705	-	-
Net pension liability	1,262,377	368,829	109,772	-
Total liabilities	<u>\$ 2,557,825</u>	<u>\$ 475,915</u>	<u>\$ 21,845,238</u>	<u>\$ 2,619</u>

(Continued)

LAMAR COUNTY, GEORGIA

**STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Primary Government	Component Units		
	Governmental Activities	Lamar County Board of Health	Lamar County Regional Solid Waste Authority	Barnesville- Lamar County Library
DEFERRED INFLOWS OF RESOURCES				
Pension	\$ 285,253	\$ 15,569	\$ 24,805	\$ -
OPEB	-	153,221	-	-
Total deferred inflows of resources	<u>285,253</u>	<u>168,790</u>	<u>24,805</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	13,502,376	18,595	5,399,618	515,959
Restricted for:				
Capital projects	1,413,240	-	-	-
Judicial	10,786	-	-	-
Public safety	376,985	-	-	-
Housing and development	1,370	-	-	-
Other	-	162,658	-	-
Unrestricted	<u>1,941,757</u>	<u>(211,409)</u>	<u>(1,466,851)</u>	<u>240,503</u>
Total net position	<u>\$ 17,246,514</u>	<u>\$ (30,156)</u>	<u>\$ 3,932,767</u>	<u>\$ 756,462</u>

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

LAMAR COUNTY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,436,338	\$ 1,127,644	\$ -	\$ -
Judicial	1,269,014	777,783	-	-
Public safety	4,882,422	335,294	729,743	-
Public works	3,507,035	-	-	860,732
Health and welfare	394,577	-	-	-
Culture and recreation	772,706	-	-	71,008
Housing and development	365,134	1,378	-	163
Interest on long-term debt	41,767	-	-	-
Total primary government	\$ 13,668,993	\$ 2,242,099	\$ 729,743	\$ 931,903
Component units:				
Lamar County Board of Health	\$ 586,269	\$ 316,123	\$ 354,235	\$ -
Lamar County Regional Solid Waste Authority	2,399,450	2,839,116	-	-
Barnesville-Lamar County Library	299,598	8,238	275,523	1,760
Total component units	\$ 3,285,317	\$ 3,163,477	\$ 629,758	\$ 1,760
General revenues:				
Property taxes				
Sales taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of assets				
Total general revenues				
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 (Expenses) Revenues and Changes in Net Position			
Governmental Activities	Component Units		
	Lamar County Board of Health	Lamar County Regional Solid Waste Authority	Barnesville- Lamar County Library
\$ (1,308,694)	\$ -	\$ -	\$ -
(491,231)	-	-	-
(3,817,385)	-	-	-
(2,646,303)	-	-	-
(394,577)	-	-	-
(701,698)	-	-	-
(363,593)	-	-	-
(41,767)	-	-	-
<u>(9,765,248)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	84,089	-	-
-	-	439,666	-
-	-	-	(14,077)
<u>-</u>	<u>84,089</u>	<u>439,666</u>	<u>(14,077)</u>
7,519,053	-	-	-
3,366,124	-	-	-
986,313	-	-	-
200	557	486	457
146,332	-	-	-
<u>12,018,022</u>	<u>557</u>	<u>486</u>	<u>457</u>
2,252,774	84,646	440,152	(13,620)
14,993,740	(114,802)	3,492,615	770,082
<u>\$ 17,246,514</u>	<u>\$ (30,156)</u>	<u>\$ 3,932,767</u>	<u>\$ 756,462</u>

LAMAR COUNTY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	<u>General Fund</u>	<u>E911 Fund</u>	<u>SPLOST 2017 Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 3,063,662	\$ 214,710	\$ 951,282	\$ 383,992	\$ 116,057	\$ 4,729,703
Taxes receivable	926,724	-	-	-	-	926,724
Accounts receivable	8,581	-	-	-	3,329	11,910
Due from other governments	110,700	57,168	197,679	-	-	365,547
Due from other funds	-	-	-	-	14,453	14,453
Inventories	4,266	-	-	-	-	4,266
Total assets	<u>\$ 4,113,933</u>	<u>\$ 271,878</u>	<u>\$ 1,148,961</u>	<u>\$ 383,992</u>	<u>\$ 133,839</u>	<u>\$ 6,052,603</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 197,791	\$ 5,473	\$ 40,472	\$ 169	\$ -	\$ 243,905
Accrued liabilities	282,981	11,103	-	-	-	294,084
Due to other governments	-	-	79,072	-	-	79,072
Due to other funds	14,453	-	-	-	-	14,453
Total liabilities	<u>495,225</u>	<u>16,576</u>	<u>119,544</u>	<u>169</u>	<u>-</u>	<u>631,514</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	202,325	-	-	-	-	202,325
Total deferred inflows of resources	<u>202,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,325</u>

(Continued)

LAMAR COUNTY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (CONTINUED)	General Fund	E911 Fund	SPLOST 2017 Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable:						
Inventories	\$ 4,266	\$ -	\$ -	\$ -	\$ -	\$ 4,266
Restricted for:						
Capital projects	-	-	1,029,417	383,823	-	1,413,240
Judicial	-	-	-	-	10,786	10,786
Public safety	-	255,302	-	-	121,683	376,985
Housing and development	-	-	-	-	1,370	1,370
Unassigned	3,412,117	-	-	-	-	3,412,117
 Total fund balances	3,416,383	255,302	1,029,417	383,823	133,839	5,218,764
 Total liabilities, deferred inflows of resources and fund balances	\$ 4,113,933	\$ 271,878	\$ 1,148,961	\$ 383,992	\$ 133,839	

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 funds.	13,734,221
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	202,325
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	317,221
Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.	(285,253)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,940,764)
Net position of governmental activities	\$ 17,246,514

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

LAMAR COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	General Fund	E911 Fund	SPLOST 2017 Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 9,759,276	\$ -	\$ 2,158,801	\$ -	\$ -	\$ 11,918,077
Licenses and permits	217,464	-	-	-	-	217,464
Intergovernmental	729,743	-	42,500	817,641	-	1,589,884
Fines and forfeitures	433,178	-	-	-	344,605	777,783
Charges for services	523,157	335,294	-	-	1,378	859,829
Investment income	193	106	485	163	7	954
Contributions	71,008	-	-	-	-	71,008
Miscellaneous	387,023	-	-	-	-	387,023
Total revenues	<u>12,121,042</u>	<u>335,400</u>	<u>2,201,786</u>	<u>817,804</u>	<u>345,990</u>	<u>15,822,022</u>
Expenditures						
Current:						
General government	2,323,178	-	-	-	-	2,323,178
Judicial	1,268,255	-	-	-	-	1,268,255
Public safety	4,241,563	352,558	-	-	303,833	4,897,954
Public works	1,251,000	-	-	-	-	1,251,000
Health and welfare	299,780	-	-	-	-	299,780
Culture and recreation	757,599	-	-	-	-	757,599
Housing and development	360,093	-	-	-	8	360,101
Intergovernmental	-	-	863,520	-	-	863,520
Capital outlay	-	-	624,023	817,160	-	1,441,183
Debt service:						
Principal	370,235	-	256,440	-	-	626,675
Interest and fiscal charges	27,076	-	16,786	-	-	43,862
Total expenditures	<u>10,898,779</u>	<u>352,558</u>	<u>1,760,769</u>	<u>817,160</u>	<u>303,841</u>	<u>14,133,107</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,222,263</u>	<u>(17,158)</u>	<u>441,017</u>	<u>644</u>	<u>42,149</u>	<u>1,688,915</u>

(Continued)

LAMAR COUNTY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

	<u>General Fund</u>	<u>E911 Fund</u>	<u>SPLOST 2017 Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses)						
Proceeds from sale of assets	\$ 180,548	\$ -	\$ -	\$ -	\$ -	\$ 180,548
Issuance of debt	370,235	-	-	-	-	370,235
Transfers in	-	133,679	-	432,065	20,650	586,394
Transfers out	(154,329)	-	(432,065)	-	-	(586,394)
Total other financing sources (uses)	<u>396,454</u>	<u>133,679</u>	<u>(432,065)</u>	<u>432,065</u>	<u>20,650</u>	<u>550,783</u>
Net change in fund balances	1,618,717	116,521	8,952	432,709	62,799	2,239,698
Fund balance (deficit), beginning of year	<u>1,797,666</u>	<u>138,781</u>	<u>1,020,465</u>	<u>(48,886)</u>	<u>71,040</u>	<u>2,979,066</u>
Fund balance, end of year	<u>\$ 3,416,383</u>	<u>\$ 255,302</u>	<u>\$ 1,029,417</u>	<u>\$ 383,823</u>	<u>\$ 133,839</u>	<u>\$ 5,218,764</u>

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

LAMAR 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 DECEMBER 31, 2020

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

Net change in fund balances - total governmental funds.	\$ 2,239,698
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 amount by which capital outlay exceeded depreciation in the current period.	34,094
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.	(34,216)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(46,587)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	248,622
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.	<u>(188,837)</u>
Change in net position - governmental activities	<u>\$ 2,252,774</u>

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

LAMAR COUNTY, GEORGIA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 7,549,874	\$ 7,549,874	\$ 7,565,640	\$ 15,766
Sales taxes	947,076	947,076	1,207,323	260,247
Other taxes	962,989	962,989	986,313	23,324
Licenses and permits	173,000	173,000	217,464	44,464
Intergovernmental	741,520	741,520	729,743	(11,777)
Fines and forfeitures	553,746	553,746	433,178	(120,568)
Charges for services	499,924	499,924	523,157	23,233
Investment income	800	800	193	(607)
Contributions	5,000	5,000	71,008	66,008
Miscellaneous	214,507	214,507	387,023	172,516
Total revenues	<u>11,648,436</u>	<u>11,648,436</u>	<u>12,121,042</u>	<u>472,606</u>
Expenditures				
Current				
General government:				
County commissioners/administration	89,628	89,628	81,797	7,831
General administration	1,117,885	1,117,885	616,502	501,383
Board of elections	196,686	196,686	206,143	(9,457)
Courthouse	348,981	348,981	281,568	67,413
Data processing	113,000	113,000	122,845	(9,845)
Tax commissioner	295,056	295,056	280,817	14,239
Tax assessor	352,939	352,939	348,970	3,969
Board of equalization	4,950	4,950	1,403	3,547
Risk management	221,028	221,028	247,180	(26,152)
Accountability court	12,850	12,850	4,217	8,633
Administration building	26,773	26,773	22,631	4,142
Senior center building	24,894	24,894	29,205	(4,311)
Service center building	34,850	34,850	19,759	15,091
Tag office building	8,505	8,505	9,268	(763)
Fire headquarters	28,220	28,220	24,200	4,020
Health department building	14,782	14,782	26,673	(11,891)
Total general government	<u>2,891,027</u>	<u>2,891,027</u>	<u>2,323,178</u>	<u>567,849</u>
Judicial:				
Superior court	483,942	483,942	446,871	37,071
Clerk of courts	391,402	391,402	382,139	9,263
District attorney	32,218	32,218	35,465	(3,247)
Magistrate court	154,505	154,505	146,806	7,699
Probate court	258,713	258,713	256,974	1,739
Total judicial	<u>1,320,780</u>	<u>1,320,780</u>	<u>1,268,255</u>	<u>52,525</u>

(Continued)

LAMAR COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Current (Continued)				
Public safety:				
Sheriff's office	\$ 2,316,891	\$ 2,316,891	\$ 2,281,527	\$ 35,364
Jail	1,183,905	1,183,905	1,093,106	90,799
Jail building	105,675	105,675	107,147	(1,472)
Fire	678,450	678,450	661,136	17,314
Coroner	31,450	31,450	35,080	(3,630)
Emergency management	109,853	109,853	63,567	46,286
Total public safety	<u>4,426,224</u>	<u>4,426,224</u>	<u>4,241,563</u>	<u>184,661</u>
Public works:				
Administration	1,314,992	1,314,992	1,251,000	63,992
Total public works	<u>1,314,992</u>	<u>1,314,992</u>	<u>1,251,000</u>	<u>63,992</u>
Health and welfare:				
Public health administration	105,000	105,000	110,000	(5,000)
Department of family/children	16,000	16,000	15,375	625
Senior citizens center	210,696	210,696	171,780	38,916
Public transportation	5,250	5,250	2,625	2,625
Total health and welfare	<u>336,946</u>	<u>336,946</u>	<u>299,780</u>	<u>37,166</u>
Culture and recreation:				
Recreation department	471,364	471,364	452,672	18,692
Recreation sports	42,630	42,630	31,768	10,862
Old jail musuem	5,409	5,409	1,991	3,418
Library	271,173	271,173	271,168	5
Total culture and recreation	<u>790,576</u>	<u>790,576</u>	<u>757,599</u>	<u>32,977</u>
Housing and development:				
Agricultural resources	73,790	73,790	70,616	3,174
Conservation	47,033	47,033	41,757	5,276
Forest resources	9,158	9,158	8,858	300
Planning and zoning	190,541	190,541	168,571	21,970
Code enforcement	-	-	291	(291)
Economic development	70,000	70,000	70,000	-
Total housing and development	<u>390,522</u>	<u>390,522</u>	<u>360,093</u>	<u>30,429</u>
Debt service:				
Principal	182,050	182,050	370,235	(188,185)
Interest and fiscal charges	37,000	37,000	27,076	9,924
Total debt service	<u>219,050</u>	<u>219,050</u>	<u>397,311</u>	<u>(178,261)</u>
Total expenditures	<u>11,690,117</u>	<u>11,690,117</u>	<u>10,898,779</u>	<u>791,338</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(41,681)</u>	<u>(41,681)</u>	<u>1,222,263</u>	<u>1,263,944</u>

(Continued)

LAMAR COUNTY, GEORGIA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses)				
Issuance of debt	-	-	370,235	370,235
Proceeds from sale of assets	179,600	179,600	180,548	948
Transfers out	(137,919)	(137,919)	(154,329)	(16,410)
Total other financing sources, net	<u>41,681</u>	<u>41,681</u>	<u>396,454</u>	<u>354,773</u>
Net change in fund balance	-	-	1,618,717	1,618,717
Fund balance, beginning of year	<u>1,797,666</u>	<u>1,797,666</u>	<u>1,797,666</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,797,666</u>	<u>\$ 1,797,666</u>	<u>\$ 3,416,383</u>	<u>\$ 1,618,717</u>

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

LAMAR COUNTY, GEORGIA

**E911 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 200,000	\$ 200,000	\$ 335,294	\$ 135,294
Investment income	-	-	106	106
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>335,400</u>	<u>135,400</u>
Expenditures				
Current				
Public safety				
E911	319,919	319,919	352,558	(32,639)
Total public safety	<u>319,919</u>	<u>319,919</u>	<u>352,558</u>	<u>(32,639)</u>
Total expenditures	<u>319,919</u>	<u>319,919</u>	<u>352,558</u>	<u>(32,639)</u>
Deficiency of revenues under expenditures	<u>(119,919)</u>	<u>(119,919)</u>	<u>(17,158)</u>	<u>102,761</u>
Other financing sources				
Transfers in	119,919	119,919	133,679	13,760
Total other financing sources	<u>119,919</u>	<u>119,919</u>	<u>133,679</u>	<u>13,760</u>
Net change in fund balance	-	-	116,521	116,521
Fund balance, beginning of year	<u>138,781</u>	<u>138,781</u>	<u>138,781</u>	<u>-</u>
Fund balance, end of year	<u>\$ 138,781</u>	<u>\$ 138,781</u>	<u>\$ 255,302</u>	<u>\$ 116,521</u>

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

LAMAR COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020

	Custodial Funds
ASSETS	
Cash	\$ 1,308,115
Taxes receivable	1,310,361
Total assets	<u>2,618,476</u>
LIABILITIES	
Due to others	613,122
Uncollected taxes	1,310,361
Total liabilities	<u>1,923,483</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u>\$ 694,993</u>

LAMAR COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020

		<u>Custodial Funds</u>
	ADDITIONS	
Taxes collected		\$ 19,067,845
Fines and fees collected		<u>2,221,341</u>
Total additions		<u>21,289,186</u>
	DEDUCTIONS	
Taxes disbursed		19,086,885
Fines and fees disbursed		<u>2,059,650</u>
Total deductions		<u>21,146,535</u>
Change in net position		142,651
	NET POSITION	
Beginning of year, as restated		<u>552,342</u>
End of year		<u><u>\$ 694,993</u></u>

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

LAMAR COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lamar County, Georgia (the “County”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governments. 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. The Reporting Entity

The County, which was founded in 1921, has a population of 16,000 plus living within an area of 185.8 square miles. The County is a Georgia municipal corporation and operates under County Administrator/ Chairman and Commissioner Form of government. The County provides the following services as authorized by state law: public safety, roads, public improvements, planning and zoning, courts, tax assessment and collection, health and social services, culture-recreation, and general administrative services.

As required by GAAP, the financial statements of the reporting entity include those of the County, (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.

Discretely Presented Component Unit – A discretely presented component unit is reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Following is a brief review of the discretely presented component unit.

Lamar County Board of Health

Lamar County Board of Health (the “Board of Health”) provides medical services and health education to the citizens of Lamar County. The County Board of Commissioners has the authority to modify and approve the Department of Health's budget. The financial statements have been prepared separately for the Board of Health and can be obtained at the following address:

Lamar County Board of Health
118 Academy Drive
Barnesville, Georgia 30204

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Lamar County Regional Solid Waste Authority

Lamar County Regional Solid Waste Authority (the "LCRSWA") provides residents and surrounding areas with disposal service of residential and commercial solid waste. The County Board of Commissioners has the authority to modify the LCRSWA's budget. The financial statements have been prepared separately for the LCRSWA and can be obtained at the following address:

Lamar County Regional Solid Waste Authority
172 Roger Brown Drive
Barnesville, Georgia 30204

Barnesville-Lamar County Library

Barnesville-Lamar County Library (the "Library") provides residents and surrounding areas with educational, research, recreational reading material, as well as computer services. The County approves the annual funding portion of the budget requested by the Library. In addition, the County provides substantial funding for the operations of the Library; therefore, the Library is considered to be fiscally dependent on the County. The financial statements have been prepared separately for the Library and can be obtained at the following address:

Barnesville-Lamar County Library
401 Thomaston St.
Barnesville, Georgia 30204

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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 those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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. 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.

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

Property taxes, sales tax, intergovernmental grants, 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 format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis ("MD&A") which includes an analytical overview of the County's financial activity.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 **E911 Fund** is used to account for the operations of the County's E911 system.

The **Special Purpose Local Option Sales Tax ("SPLOST") 2017 Fund** is used to account for the financial resources provided from the 2017 1% SPLOST.

The **Capital Projects Fund** is used for the acquisition of specific capital assets and construction or improvement of major capital projects.

Additionally, the County reports the following fund types:

The **Special Revenue Funds** are used to account for revenue sources that are legally restricted to expenditure for specific purposes.

The **Capital Projects Fund** accounts for the acquisition of capital assets and construction or improvement of major capital projects.

The **Custodial Funds** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals.

Amounts reported as *program revenues* include: 1) charges for services 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.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments

The County and the discretely presented component units' 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.

State statutes authorize the County and the discretely presented component unit to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the local government investment pool ("Georgia Fund 1"). Investments are stated at fair value.

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out ("FIFO") method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

G. 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.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. The County has retroactively reported major general infrastructure assets. In this case, the County chose to include all items regardless of their acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Capital assets of the primary government are depreciated using the straight-line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Buildings and improvements	20 – 50
Machinery and equipment	5 – 10
Vehicles	5 – 10
Infrastructure	40 – 50

I. Compensated Absences

Vacation and sick leave benefits due at termination have been accrued. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the liable fund.

J. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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 expensed as incurred.

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 the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County also has deferred 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. 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 and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions, which adjust the net pension liability, are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members.

In addition to liabilities, the statement of net position and the governmental funds balance sheet 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County also has deferred inflows 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. 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 inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions, which adjust the net pension liability, are also recorded as 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 investments and actual return on those investments is also deferred and amortized against expense over the expected remaining service lives of plan members. Other than the items relating to the changes in the net pension liability as discussed on the following page, the County has one item that qualifies for reporting in this category, which arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes not received within 60 days after year-end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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 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 Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners 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. Through policy, authorization to assign fund balance remains with the Board.
- **Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for 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: 1) committed, 2) assigned, and 3) unassigned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

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 is available.

M. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Association County Commissioners of Georgia Lamar County Defined Benefit Plan (the "Plan") and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference are as follows:

Capital leases payable	\$ (231,845)
Landfill post-closure costs	(442,147)
Accrued interest	(4,395)
Net pension liability	<u>(1,262,377)</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u><u>\$ (1,940,764)</u></u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position – governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this difference are as follows:

Capital outlay	\$ 912,919
Depreciation expense	<u>(878,825)</u>
 Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	 <u><u>\$ 34,094</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this difference are as follows:

Debt incurred:		
Capital leases		\$ (370,235)
Principal repayments:		
Capital leases		626,675
Landfill post-closure costs		(7,818)
		(7,818)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>		
		\$ 248,622
		248,622

Another element of that reconciliation states that “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.” The details of this difference are as follows:

Net pension liability		\$ 124,562
Accrued interest		2,095
Deferred outflows of resources		(104,639)
Deferred inflows of resources		(210,855)
		(210,855)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>		
		\$ (188,837)
		(188,837)

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgetary Data

The County adopts an annual operating budget for the general fund, each special revenue fund and debt service fund. A project budget is adopted for each projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental funds' budgets are adopted on a basis consistent with GAAP, except that outstanding encumbrances at year-end are reported as budgetary expenditures. Enterprise fund budgets are adopted on a basis consistent with GAAP, except that outstanding encumbrances at year-end are reported as budgetary expenses.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

- The County Administrator may transfer funds from one object or purpose to another within the same department.
- The Board of Commissioners may amend the budget by motion during the fiscal year.
- Appropriations must equal the anticipated funding sources of each fund.
- Actual expenditures of each fund may not exceed actual funding sources.

Formal budgetary integration is employed as management control device during the year for all budgeted funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Excess Expenditures over Appropriations

Department	Excess
General Fund	
General Government	
Board of elections	\$ (9,457)
Data processing	(9,845)
Risk management	(26,152)
Senior center building	(4,311)
Tag office building	(763)
Health department building	(11,891)
Judicial	
District attorney	(3,247)
Public safety	
Jail building	(1,472)
Coroner	(3,630)
Health and welfare	
Public health administration	(5,000)
Housing and development	
Code enforcement	(291)
Debt service	
Principal	(188,185)
E911 Fund	
Public Safety	
E911	(32,639)

These over-expenditures were funded by greater than anticipated revenues.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2020, are summarized as follows:

Balances per statement of net position:

Cash - Primary government	\$ 4,729,703
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Balances per statement of fiduciary net position:

Cash - Custodial funds	1,308,115
	<u>\$ 6,037,818</u>

Cash deposited with financial institutions	\$ 6,037,818
	<u>\$ 6,037,818</u>

Credit Risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the Georgia Fund 1 established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of December 31, 2020, the County had no investments.

Interest Rate Risk. 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.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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 December 31, 2020, all of the County's bank balances were properly insured and collateralized as defined by GASB pronouncements and the State of Georgia.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables at December 31, 2020, consist of the following:

	<u>General Fund</u>	<u>E911 Fund</u>	<u>SPLOST 2017 Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 926,724	\$ -	\$ -	\$ -	\$ 926,724
Accounts	8,581	-	-	3,329	11,910
Due from other governments	110,700	57,168	197,679	-	365,547
Gross receivables	<u>1,046,005</u>	<u>57,168</u>	<u>197,679</u>	<u>3,329</u>	<u>1,304,181</u>
Less allowance	-	-	-	-	-
Net receivables	<u>\$ 1,046,005</u>	<u>\$ 57,168</u>	<u>\$ 197,679</u>	<u>\$ 3,329</u>	<u>\$ 1,304,181</u>

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) are valued as of January 1 of each year. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the tax assessors of the County.

Normally, property tax levies are set by the County Commissioners in August of each year for collection in the following year beginning January 1. The County spreads levies over assessable property. Taxes are levied annually by the County, and for the year ended December 31, 2020, the levy occurred on September 14, 2020. Real and personal property taxes were due on November 20, 2020. Property taxes receivable become a lien on March 8, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2020, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 1,593,967	\$ -	\$ -	\$ -	\$ 1,593,967
Construction in progress	-	53,800	-	-	53,800
Total	<u>1,593,967</u>	<u>53,800</u>	<u>-</u>	<u>-</u>	<u>1,647,767</u>
Capital assets, being depreciated:					
Buildings and improvements	14,766,255	6,611	-	-	14,772,866
Machinery and equipment	3,510,222	88,355	(139,480)	342,324	3,801,421
Vehicles	2,975,156	764,153	(83,748)	(342,324)	3,313,237
Infrastructure	50,882,877	-	-	-	50,882,877
Total	<u>72,134,510</u>	<u>859,119</u>	<u>(223,228)</u>	<u>-</u>	<u>72,770,401</u>
Less accumulated depreciation for:					
Buildings and improvements	8,874,818	322,420	-	-	9,197,238
Machinery and equipment	3,285,851	105,421	(105,264)	-	3,286,008
Vehicles	2,006,090	200,107	(83,748)	-	2,122,449
Infrastructure	45,827,375	250,877	-	-	46,078,252
Total	<u>59,994,134</u>	<u>878,825</u>	<u>(189,012)</u>	<u>-</u>	<u>60,683,947</u>
Total capital assets, being depreciated, net	<u>12,140,376</u>	<u>(19,706)</u>	<u>(34,216)</u>	<u>-</u>	<u>12,086,454</u>
Governmental activities capital assets, net	<u>\$ 13,734,343</u>	<u>\$ 34,094</u>	<u>\$ (34,216)</u>	<u>\$ -</u>	<u>\$ 13,734,221</u>

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

Governmental activities:	
General government	\$ 73,274
Judicial	759
Public safety	291,031
Public works	362,007
Health and welfare	112,848
Culture and recreation	33,873
Housing and development	5,033
Total depreciation expense - governmental activities	<u>\$ 878,825</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the primary government for the fiscal year ended December 31, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Capital leases	\$ 488,285	\$ 370,235	\$ 626,675	\$ 231,845	\$ 114,069
Landfill post-closure costs	434,329	7,818	-	442,147	-
Net pension liability	1,386,939	969,383	1,093,945	1,262,377	-
Totals	<u>\$ 2,309,553</u>	<u>\$ 1,347,436</u>	<u>\$ 1,720,620</u>	<u>\$ 1,936,369</u>	<u>\$ 114,069</u>

For governmental activities, net pension liability is ordinarily liquidated by the General Fund.

Capital Leases

Governmental Activities

The County has entered into lease agreements as lessee for financing the acquisition of various items of equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception.

The following is an analysis of leased assets under capital leases as of December 31, 2020:

	<u>Governmental Activities</u>
Equipment	\$ 342,324
Less: Accumulated depreciation	(97,807)
	<u>\$ 244,517</u>

The County reported \$48,903 of depreciation expense for governmental activities on the above leased assets for the fiscal year ended of December 31, 2020.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Capital Leases (Continued)

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

<u>Fiscal Year Ending December 31,</u>	<u>Governmental Activities</u>
2021	\$ 121,604
2022	121,604
Total minimum lease payments	<u>243,208</u>
Less amount representing interest	(11,363)
Present value of future minimum lease payments	<u><u>\$ 231,845</u></u>

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2020, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental funds	General fund	<u><u>\$ 14,453</u></u>

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

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
E911 fund	General fund	\$ 133,679
Capital projects fund	SPLOST 2017 Fund	432,065
Nonmajor governmental funds	General fund	<u>20,650</u>
		<u><u>\$ 586,394</u></u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in a ten-county central Georgia area, is a member of the Three Rivers Regional Commission (“RC”) and is required to pay annual dues thereto. During its year ended December 31, 2020, the County paid \$11,655 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (“O.C.G.A.”) §50-8-34 which provides for the organizational structure of the RC. The RC Board membership is made up of representatives appointed by each county seat and respective county government members and also includes private citizens and minority representatives. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Information concerning the financial statements may be obtained from the Three Rivers Regional Commission, P.O. Box 818, Griffin, Georgia 30224.

NOTE 10. DEFINED BENEFIT PENSION PLAN

Primary Government

Plan Description

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

Plan Membership

As of January 1, 2019, pension plan membership consisted of the following:

Inactive plan members of beneficiaries currently receiving benefits	36
Inactive plan member entitled to but not receiving benefits	86
Active plan members	89
	<u>211</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (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 December 31, 2020, the County's contribution rate was 8.26% of annual payroll. County contributions to the Plan were \$257,000 for the year ended December 31, 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 of January 1, 2019, with updated procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2019.

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	2.00% – 4.00%, 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 Table and 50% of the Public Safety Employees with Scale AA to 2019.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

Net Pension Liability of the County (Continued)

Actuarial Assumptions (Continued): The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (33.33%) and 30-year benchmarks (33.33%), as well as forward-looking capital market assumptions for a moderate asset allocation (33.34%), 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 %	3.07 %
Large Cap	30	1.97
International	15	0.86
Mid Cap	5	0.30
Small Cap	5	0.52
REIT	5	0.47
Multi Cap	5	0.51
Global Allocation	5	0.58
	100 %	

* Rates 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 County contributions will be made at rates equal to the 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 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

Net Pension Liability of the County (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 December 31, 2020, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at December 31, 2019	\$ 6,097,103	\$ 4,589,561	\$ 1,507,542
Changes for the year:			
Service cost	144,201	-	144,201
Interest	417,930	-	417,930
Differences between expected and actual experience	79,636	-	79,636
Assumption changes	319,806	-	319,806
Contributions - employer	-	257,000	(257,000)
Net investment income	-	932,070	(932,070)
Benefit payments, including refunds of employee contributions	(253,333)	(253,333)	-
Administrative expenses	-	(30,487)	30,487
Other changes	-	(61,617)	61,617
Net changes	708,240	843,633	(135,393)
Balances at December 31, 2020	\$ 6,805,343	\$ 5,433,194	\$ 1,372,149
Governmental activities			\$ 1,262,377
Lamar County Regional Solid Waste Authority			109,772
			\$ 1,372,149

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

Net Pension Liability of the County (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:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
County's proportionate share of net pension liability	\$ 23,326,354	\$ 1,262,377	\$ 524,595
Lamar County Regional Solid Waste Authority's proportionate share of net pension liability	2,028,379	109,772	45,617
Total net pension liability	\$ 25,354,733	\$ 1,372,149	\$ 570,212

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

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

For the year ended December 31, 2020, the County recognized pension expense of \$427,374. At December 31, 2020, the County and the Lamar County Regional Solid Waste Authority (the "LCRSWA") reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

Lamar County - Governmental Activities		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,397	\$ (27,837)
Changes in actuarial assumptions	257,824	(16,015)
Net difference between projected and actual earnings on pension plan investments	-	(241,401)
County's portion of the pension plan	\$ 317,221	\$ (285,253)

Component Unit - Lamar County Regional Solid Waste Authority		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,165	\$ (2,421)
Changes in actuarial assumptions	22,420	(1,393)
Net difference between projected and actual earnings on pension plan investments	-	(20,991)
LCRSWA's portion of the pension plan	\$ 27,585	\$ (24,805)

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Primary Government (Continued)

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

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

<u>Fiscal Year Ending December 31,</u>	
2021	\$ 42,842
2022	16,546
2023	95,085
2024	<u>(119,725)</u>
	<u>\$ 34,748</u>

NOTE 11. 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, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

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

NOTE 12. CONTINGENCIES AND COMMITMENTS

Grant Contingencies

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their representatives. 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.

Litigation

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

NOTE 13. SHORT-TERM DEBT

On January 21, 2020, the Board of Commissioners approved a resolution authorizing a tax anticipation note for the borrowing of \$3,800,000 at an interest rate of 2.565%. This note was repaid in December 2020.

	Beginning Balance	Additions	Reductions	Ending Balance
Tax Anticipation Note	\$ -	\$ 2,001,657	\$ 2,001,657	\$ -

NOTE 14. TAX ABATEMENT AGREEMENTS

During the year ended December 31, 2017, the County implemented GASB Statement No. 77, *Tax Abatement Disclosures*. This statement 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 December 31, 2020, the County did not have any such agreements, either entered into by the County or by other governments that exceeded the quantitative threshold for disclosure.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. LANDFILL POST-CLOSURE COSTS

Effective November 1, 2002, the Lamar County Landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. Engineering studies estimate post-closure costs of approximately \$442,147 over the remaining 16-year period. These costs are based on what it would cost to perform all post-closure care in 2020. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this post-closure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTE 16. RESTATEMENT FOR CHANGE IN ACCOUNTING PRINCIPLE

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

	Custodial Funds
Net position, as previously reported	\$ -
Recognition of the beginning net position of the agency funds now reported as custodial funds	<u>552,342</u>
Net position, as restated	<u><u>\$ 552,342</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

LAMAR COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED DECEMBER 31,

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 144,201	\$ 139,786	\$ 136,419	\$ 131,307	\$ 128,514
Interest on total pension liability	417,930	410,218	395,817	375,770	336,764
Differences between expected and actual experience	79,636	6,527	(81,033)	(22,380)	72,166
Changes of assumptions	319,806	(15,616)	(28,998)	184,524	177,715
Benefit payments	(253,333)	(214,190)	(222,755)	(217,138)	(172,990)
Net change in total pension liability	708,240	326,725	199,450	452,083	542,169
Total pension liability - beginning, as restated	6,097,103	5,770,378	5,570,928	5,118,845	4,576,676
Total pension liability - ending (a)	6,805,343	6,097,103	5,770,378	5,570,928	5,118,845
Plan fiduciary net position					
Contributions - employer	257,000	223,006	272,873	271,122	253,939
Net investment income	932,070	(213,053)	650,125	283,889	26,025
Benefit payments	(253,333)	(224,377)	(222,755)	(217,138)	(172,990)
Administrative expenses	(30,487)	(18,833)	(16,314)	(19,861)	(17,135)
Other	(61,617)	(29,185)	(29,096)	(42,563)	(56,527)
Net change in fiduciary net position	843,633	(262,442)	654,833	275,449	33,312
Plan fiduciary net position - beginning, as restated	4,589,561	4,852,003	4,197,170	3,921,721	3,888,409
Plan fiduciary net position - ending (b)	5,433,194	4,589,561	4,852,003	4,197,170	3,921,721
County's net pension liability - ending (a) - (b)	\$ 1,372,149	\$ 1,507,542	\$ 918,375	\$ 1,373,758	\$ 1,197,124
Plan fiduciary net position as a percentage of total pension liability	79.84%	75.27%	84.08%	75.34%	76.61%
Covered payroll	\$ 2,975,437	\$ 2,818,110	\$ 2,687,509	\$ 2,686,516	\$ 2,845,426
County's net pension liability as a percentage of covered payroll	46.12%	53.49%	34.17%	51.14%	42.07%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

LAMAR COUNTY, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 257,000	\$ 223,006	\$ 272,873	\$ 271,122	\$ 253,939	\$ 249,930
Contributions in relation to the actuarially determined contribution	<u>257,000</u>	<u>223,006</u>	<u>272,873</u>	<u>271,122</u>	<u>253,939</u>	<u>249,930</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 3,132,764	\$ 2,975,437	\$ 2,818,110	\$ 2,687,509	\$ 2,686,516	\$ 2,845,426
Contributions as a percentage of covered payroll	8.20%	7.49%	9.68%	10.09%	9.45%	8.78%

Notes to the Schedule

Valuation Date	January 1, 2019
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Smoothed market value with a five-year smoothing period
Assumed Rate of Return on Investments	7.00%
Projected Salary Increases	3.00% – 4.00% (including 3.00% inflation)
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

The schedule will present 10 years of information once it is accumulated.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Drug Seizure Fund – To account for monies deemed as forfeited property by courts to the County from cases related to illegal drug activity.

Law Library Fund – To account for costs of operating and maintaining the County Law Library.

Drug Court Fund – To account for the expenditures of monies from the County Drug Abuse Treatment Fund. Financing is provided by the collection of an add-on fine as allowed by state law.

Hotel/Motel Fund – To account for hotel/motel taxes collected.

LAMAR COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>Special Revenue Funds</u>				<u>Total</u>
	<u>Drug Seizure Fund</u>	<u>Law Library Fund</u>	<u>Drug Court Fund</u>	<u>Hotel/Motel Fund</u>	
ASSETS					
Cash	\$ 95,506	\$ 10,786	\$ 8,395	\$ 1,370	\$ 116,057
Accounts receivable	-	-	3,329	-	3,329
Due from other funds	-	-	14,453	-	14,453
Total assets	<u>\$ 95,506</u>	<u>\$ 10,786</u>	<u>\$ 26,177</u>	<u>\$ 1,370</u>	<u>\$ 133,839</u>
FUND BALANCES					
Restricted for:					
Judicial	\$ -	\$ 10,786	\$ -	\$ -	\$ 10,786
Public safety	95,506	-	26,177	-	121,683
Housing and development	-	-	-	1,370	1,370
Total fund balances	<u>\$ 95,506</u>	<u>\$ 10,786</u>	<u>\$ 26,177</u>	<u>\$ 1,370</u>	<u>\$ 133,839</u>

LAMAR COUNTY, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

	<u>Special Revenue Funds</u>				<u>Total</u>
	<u>Drug Seizure Fund</u>	<u>Law Library Fund</u>	<u>Drug Court Fund</u>	<u>Hotel/Motel Fund</u>	
Revenues					
Fines and forfeitures	\$ 327,103	\$ 7,704	\$ 9,798	\$ -	\$ 344,605
Charges for services	-	-	-	1,378	1,378
Investment income	-	-	7	-	7
Total revenues	<u>327,103</u>	<u>7,704</u>	<u>9,805</u>	<u>1,378</u>	<u>345,990</u>
Expenditures					
Current:					
Public safety	251,670	8,423	43,740	-	303,833
Housing and development	-	-	-	8	8
Total expenditures	<u>251,670</u>	<u>8,423</u>	<u>43,740</u>	<u>8</u>	<u>303,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>75,433</u>	<u>(719)</u>	<u>(33,935)</u>	<u>1,370</u>	<u>42,149</u>
Other financing sources					
Transfers in	-	-	20,650	-	20,650
Net change in fund balances	75,433	(719)	(13,285)	1,370	62,799
Fund balances, beginning of year	<u>20,073</u>	<u>11,505</u>	<u>39,462</u>	<u>-</u>	<u>71,040</u>
Fund balances, end of year	<u>\$ 95,506</u>	<u>\$ 10,786</u>	<u>\$ 26,177</u>	<u>\$ 1,370</u>	<u>\$ 133,839</u>

LAMAR COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2017 ISSUE FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Project Description	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Revised Prior Years	Current Year	Total
City of Barnesville	\$ 3,559,235	\$ 3,559,235	\$ 1,392,739	\$ 863,520	\$ 2,256,259
City of Milner	374,656	374,656	374,656	-	374,656
Town of Aldora	93,664	93,664	93,664	-	93,664
Lamar County					
Tax Assessors	28,000	28,000	-	-	-
Code Enforcement	28,000	28,000	-	-	-
Administration	28,000	28,000	-	-	-
Maintenance	28,000	28,000	-	-	-
Facilities improvements	93,300	93,300	-	-	-
Sheriff	696,000	696,000	559,329	171,742	731,071
Detention center	85,000	85,000	-	-	-
Fire equipment	500,000	500,000	-	140,665	140,665
Roads and bridges	2,755,450	2,755,450	630,908	439,683	1,070,591
Public works equipment	379,000	379,000	253,523	91,359	344,882
Recreation and parks	465,000	465,000	3,695	53,800	57,495
Animal shelter	253,104	253,104	13,094	-	13,094
Total	\$ 9,366,409	\$ 9,366,409	\$ 3,321,608	\$ 1,760,769	\$ 5,082,377

CUSTODIAL FUNDS

Tax Commissioner – To account for the collection and payment to the County and other taxing units of the property taxes levied, billed, and collected by the Tax Commissioner on behalf of the County and other taxing units.

Clerk of Superior Court – To account for all monies received by the Clerk of Superior Court on behalf of individuals, private organizations, other governmental units, and other funds.

Probate Court – To account for all monies received by the Probate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Magistrate Court – To account for all monies received by the Magistrate Court on behalf of individuals, private organizations, other governmental units, and other funds.

Sheriff – To account for all monies received by the Sheriff's Department on behalf of individuals, private organizations, other governmental units, and other funds.

LAMAR COUNTY, GEORGIA

**CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2020**

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court
ASSETS				
Cash	\$ 535,739	\$ 88,075	\$ 97,658	\$ 66,219
Taxes receivable	1,310,361	-	-	-
Total assets	1,846,100	88,075	97,658	66,219
LIABILITIES				
Due to others	535,739	54,717	21,488	1,178
Uncollected taxes	1,310,361	-	-	-
Total liabilities	1,846,100	54,717	21,488	1,178
NET POSITION				
Restricted for individuals, organizations, and other governments	\$ -	\$ 33,358	\$ 76,170	\$ 65,041

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

<u>Sheriff</u>	<u>Total</u>
\$ 520,424	\$ 1,308,115
-	1,310,361
<u>520,424</u>	<u>2,618,476</u>
-	613,122
-	1,310,361
<u>-</u>	<u>1,923,483</u>
<u>\$ 520,424</u>	<u>\$ 694,993</u>

LAMAR COUNTY, GEORGIA

**CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2020**

	<u>Tax Commissioner</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>
ADDITIONS				
Taxes collected	\$ 19,067,845	\$ -	\$ -	\$ -
Fines and fees collected	-	727,151	466,690	72,171
Total additions	<u>19,067,845</u>	<u>727,151</u>	<u>466,690</u>	<u>72,171</u>
DEDUCTIONS				
Taxes disbursed	19,086,885	-	-	-
Fines and fees disbursed	-	788,754	470,273	53,728
Total deductions	<u>19,086,885</u>	<u>788,754</u>	<u>470,273</u>	<u>53,728</u>
Change in net position	(19,040)	(61,603)	(3,583)	18,443
NET POSITION				
Beginning of year, as restated	<u>19,040</u>	<u>94,961</u>	<u>79,753</u>	<u>46,598</u>
End of year	<u>\$ -</u>	<u>\$ 33,358</u>	<u>\$ 76,170</u>	<u>\$ 65,041</u>

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

<u>Sheriff</u>	<u>Total</u>
\$ -	\$ 19,067,845
955,329	2,221,341
<u>955,329</u>	<u>21,289,186</u>
-	19,086,885
<u>746,895</u>	<u>2,059,650</u>
<u>746,895</u>	<u>21,146,535</u>
208,434	142,651
<u>311,990</u>	<u>552,342</u>
<u>\$ 520,424</u>	<u>\$ 694,993</u>

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Commissioners
of Lamar County, Georgia
Barnesville, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lamar County, Georgia (the "County"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 25, 2021. Our report includes a reference to other auditors who audited the financial statements of the Lamar County Board of Health (the "Board of Health") and the Barnesville-Lamar County Library (the "Library"), as described in our report on the County's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, as of January 1, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 through 2020-004 that we consider to be material weaknesses.

Compliance and Other Matters

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

Lamar County, Georgia's Responses to Findings

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
June 25, 2021

LAMAR COUNTY, GEORGIA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiencies identified not considered
to be material weaknesses?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

There was not an audit of major federal award programs as of December 31, 2020 due to the total amount expended being less than \$750,000.

LAMAR COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2020-001 – Proper Recognition of Capital Assets

Criteria: Internal controls should be in place to ensure amounts reported for capital assets and related items are appropriate and properly valued and recorded in accordance with GAAP.

Condition: During the year ended December 31, 2020, the County did not properly recognize capital assets purchased with a capital lease or the related capital lease proceeds.

Context: We addressed the matter with the County to determine the appropriate amounts to record as of and for the fiscal year ended December 31, 2020.

Effects: An adjustment to increase capital outlay and capital lease proceeds in the amount of \$370,235 was required to be recorded in the General Fund as of December 31, 2020.

Cause: There was a lack of appropriate controls implemented at the County during the fiscal year to ensure capital assets were properly reconciled and recorded.

Recommendation: We recommend the County carefully review all capital assets and capital leases to ensure transactions are reported in accordance with GAAP.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2020-002 – Segregation of Duties

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

Condition: There is not appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in various funds administered by the County. Further, we noted a general lack of segregation of duties. We noted bank statements were being reconciled by employees of the elected officials and the County office with no consistent review of the reconciled statements being performed.

LAMAR COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-002 – Segregation of Duties (Continued)

Condition (Continued): Specifically, we noted the following:

- Sheriff's Office – one individual with the authority to open the mail, prepare and make deposits, sign and mail checks, and post transactions to the general ledger also reconciles bank statements. In addition, we noted no independent review of the reconciled bank statements. This is due to staff limitations.
- Tax Commissioner Office – one individual with the authority to prepare and sign checks also reconciles the bank statement. In addition, we noted no independent review of the reconciled bank statements. This is due to staff limitations.
- Magistrate Court – one individual with the authority to prepare and sign checks also has the authority to prepare and make deposits. In addition, we noted no independent review of the reconciled bank statements. This is due to staff limitations.
- Probate Court – one individual with the authority to prepare and sign checks also reconciles the bank statement. In addition, we noted no review of the reconciled bank statements. This is due to staff limitations.
- Superior Court – one individual with the authority to prepare and sign checks also reconciles the bank statement. In addition, we noted no independent review of the reconciled bank statements.
- County Office – one individual with the authority to open and distribute the mail also prepares deposits. In addition, we noted one individual with the authority to make system and/or program changes also has the ability post transactions to the general ledger and has access to cash.

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

Effects: Failure to properly segregate duties can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: The lack of segregation of duties is primarily due to the limited number of individuals in each office available to perform all of the duties.

Recommendation: We recommend the County and elected officials review the duties and access of all employees and implement procedures to ensure adequate segregation of duties.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

LAMAR COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-003 – Management of Interfund Transactions

Criteria: Generally accepted accounting principles require consideration of the collectability of receivables of all kinds, whether external or internal to the County. In addition, internal controls should be in place to provide reasonable assurance that interfund transactions are properly recorded.

Condition: We noted the County did not account for and use due to/from accounts and transfers properly within the operations of the County.

Context: We addressed the matter with the County to determine the appropriate adjustments so as to properly state the balance of due to/from accounts and interfund transfer accounts at December 31, 2020.

Effects: The effect of the above condition resulted in a significant amount of adjustments after year-end.

In order to properly document the due to/from and interfund transfer balances as of December 31, 2020, a significant number of adjustments were recognized as noted below:

- General Fund – a decrease to cash of \$22,478, an increase to due from other funds of \$46,738, a decrease to revenues of \$15,445, a decrease to expenditures of \$7,416, and an increase to transfers in of \$32,299.
- E911 Fund – an increase to expenditures and transfers in of \$7,665.
- Capital Projects Fund – an increase to due from other funds and fund balance of \$299,112.
- Nonmajor governmental funds – an increase to cash of \$938, an increase to due from other funds of \$2,785, an increase to revenue of \$938, and an increase to transfers in of \$2,785.

Cause: There was a lack of appropriate controls implemented at the County during the fiscal year to record all of the necessary interfund activity.

Recommendation: We recommend the County carefully review all interfund accounts to ensure transactions are reported in accordance with GAAP.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

LAMAR COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-004 – General Accounting Matters/Close-Out Procedures

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable (and available). Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: During our audit, we noted an inordinate amount of accounting, reporting and reconciling was not properly performed and reviewed during the fiscal year which required a significant effort to close the County's 2020 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed December 31, 2020. Further, and throughout the course of the audit process, we noted there was an overall lack of proper and adequate accounting on a timely basis. We noted deficiencies in timeliness, completeness, and accuracy. Specifically, we noted a lack of timely and accurate financial and non-financial information needed:

- to prepare their bank reconciliations in a timely manner for all accounts;
- to properly maintain the accounts payable on a periodic basis throughout the year;
- to accurately maintain and record the County's capital assets;
- to properly maintain general ledgers, subsidiary ledgers, and related reconciliations;
- to properly write checks without back-dating both the checks and accounts payable in the system; and
- to close-out and report activities, events and transactions on a periodic basis.

We believe it important to note that we observed a genuine interest by the County's accounting personnel in their desire to learn and assume greater responsibilities for the County's accounting and financial reporting and noticed great improvement subsequent to the current year's audit.

Context: We addressed the matter with the County to determine the appropriate actions are taken so as to properly complete general accounting matters/close-out procedures at December 31, 2020.

Effects: The ultimate effect of the above condition is the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

Cause: There was a lack of appropriate controls implemented at the County during the fiscal year to properly maintain financial and non-financial information and to properly close-out the year-end.

LAMAR COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-004 – General Accounting Matters/Close-Out Procedures (Continued)

Recommendation: We recommend the County consider a variety of options to addressing the above condition. In no particular order, the County needs to look at the respective staffing of the accounting function, and determine if an adequate number of qualified people are currently available to address the condition. The County also needs to consider and evaluate its strengths and weaknesses relative to the accounting function, and take measures to address the concerns noted above with a goal of providing timely recording, reconciling and reporting of County operations and financial and non-financial activities. We also recommend the County seek the expertise of a technician to come in and diagnose the issues with the County's accounting software related to the accounts payable and capital assets to improve the overall audit.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

LAMAR COUNTY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

2019-001 – Proper Recognition of Cash in the SPLOST 2017 Fund

Criteria: Internal controls should be in place to ensure that all bank accounts belonging to the County are identified and recorded for financial reporting. Additionally, internal controls should be in place to ensure that all cash receipts and disbursements are recorded in the proper account in the proper period.

Condition: During the year ended December 31, 2018, the County did not properly record cash balances for the SPLOST 2017 Fund.

Status: Resolved.

2019-002 – Proper Recognition of Accrued Payroll

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: During the year ended December 31, 2018, the County did not properly record accrued payroll balances for both the General Fund and E911 Fund.

Status: Resolved.

2019-003 – Proper Recognition of Receivables and Deferred Inflows of Resources

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

Condition: During the year ended December 31, 2018, the County did not properly record receivables and deferred inflows of resources – unavailable revenue balances for the General Fund.

Status: Resolved.

2019-004 – Proper Recognition of Net Pension Liability and Deferred Inflows and Outflows of Resources

Criteria: The net pension liability for a defined benefit pension plan should be calculated by taking the actuarially determined total pension liability and reducing the total pension liability by the pension plan's fiduciary net position, to arrive at the net pension liability.

LAMAR COUNTY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

2019-004 – Proper Recognition of Net Pension Liability and Deferred Inflows and Outflows of Resources (Continued)

Condition: During the year ended December 31, 2018, the County improperly recorded the net pension liability, deferred inflows of resources, deferred outflows of resources, and net position at the government-wide level based on the incorrect measurement date of December 31, 2018. As of the date of the County's December 31, 2018 audit report, it was noted the fiduciary net position of the County's pension plan had not been audited until September 29, 2019. The County's audit report for the year ended December 31, 2018 was issued before the pension plan's fiduciary net position was audited, which was incorrect. This required the County to change the measurement date to the proper date of December 31, 2017 for the year ended December 31, 2018.

Status: Resolved.

2019-005 – Proper Recognition of Receivables - LOST

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

Condition: During the year ended December 31, 2018, the County did not properly record receivables from LOST for the General Fund.

Status: Resolved.

2019-006 – Proper Recognition of Payables

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 the related cash flow.

Condition: During the year ended December 31, 2018, the County did not properly record payables for the SPLOST 2017 Fund.

Status: Resolved.

2019-007 – Proper Recognition of Capital Assets

Criteria: Internal controls should be in place to ensure amounts reported for capital assets and related items are appropriate and properly valued and recorded in accordance with generally accepted accounting principles.

Condition: During the year ended December 31, 2018, the County did not properly recognize capital assets for governmental activities, which did not agree to the County's capital asset listing.

Status: Unresolved – See Finding 2020-001.

LAMAR COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

2019-008 – Segregation of Duties

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

Condition: There is not appropriate segregation of duties among recording, distribution, and reconciliation of cash accounts and other operational functions in various funds administered by the County. Further, we noted a general lack of segregation of duties.

Status: Unresolved – See Finding 2020-002.

2019-009 – Management of Interfund Transactions

Criteria: Generally accepted accounting principles require consideration of the collectability of receivables of all kinds, whether external or internal to the County. In addition, internal controls should be in place to provide reasonable assurance that interfund transactions are properly recorded.

Condition: We noted the County did not account for and use due to/from accounts and transfers properly within the operations of the County.

Status: Unresolved – See Finding 2020-003.

2019-010 – General Accounting Matters/Close-Out Procedures

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable and available. Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: During our audit, we noted an inordinate amount of accounting, reporting and reconciling which was not properly performed and reviewed during the fiscal year which required a significant effort to close the County's 2019 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed December 31, 2019. Further, and throughout the course of the audit process, we noted there was an overall lack of proper and adequate accounting on a timely basis. We noted deficiencies in timeliness, completeness, and accuracy.

Status: Unresolved – See Finding 2020-004.

LAMAR COUNTY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

2019-011 – Proper Recognition of Landfill Liability

Criteria: Generally accepted accounting principles require landfill closure and post-closure costs to be estimated for accounting and financial reporting purposes based on a number of requirements: 1) estimate should include certain items that normally would be capitalized, 2) estimate should be based on current cost, 3) estimate should reflect all approved legal requirements, even those not yet in force, and 4) re-measured annually.

Condition: During the year ended December 31, 2018, the County did not properly record accrued landfill post-closure costs liability at the government-wide level for governmental activities as calculated by the State Environmental Protection Division's engineering studies estimate of post-closure costs as of December 31, 2018.

Status: Resolved.