

MONTGOMERY COUNTY, GEORGIA

**FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2020 AND
INDEPENDENT AUDITOR'S REPORT**

MONTGOMERY COUNTY, GEORGIA

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FINANCIAL SECTION

September 15, 2021

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Montgomery County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of **Montgomery 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; 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 Montgomery County Board of Health, which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for Montgomery County Board of Health, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Auditor's Responsibility (Continued)

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 County'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 County'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 report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 23-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Matters (Continued)

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 other grant 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 purposes of additional analysis as required by the Official Code of Georgia 48-8-21 and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of special purpose local option sales tax proceeds, and other grant schedules 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 and the procedures performed as described above, the combining and individual nonmajor fund financial statements, the schedule of expenditures of special purpose local option sales tax proceeds, and other grant schedules are fairly stated in all material respects in relation to the 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 September 15, 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 the County's internal control over financial reporting and compliance.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

BASIC FINANCIAL STATEMENTS

MONTGOMERY COUNTY, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government Governmental Activities	Component Unit Health Center
Assets		
Cash and Cash Equivalents	\$ 4,742,652	\$ 533,475
Receivables		
Property Taxes	578,264	-
Accounts	115,501	-
Due From Other Governments	138,733	14,497
Inventory	6,791	-
Prepaid Items	47,610	-
Capital Assets		
Nondepreciable	552,293	-
Depreciable, Net of Accumulated Depreciation	9,029,015	578
Total Assets	15,210,859	548,550
Deferred Outflows of Resources		
Related to Pensions	-	61,005
Liabilities		
Accounts Payable	175,216	-
Accrued Expenses/Liabilities	9,006	3,987
Due to Other Governments	61,002	14,497
Long-Term Liabilities		
Compensated Absences	-	15,949
Capital Leases Due Within One Year	184,314	-
Capital Leases Due in More Than One Year	327,726	-
Note Payable Due in Less Than One Year	139,707	-
Proportionate Share of Collective Net Pension Liability	-	196,588
Proportionate Share of Collective Net OPEB Liability	-	36,323
Total Liabilities	896,971	267,344
Deferred Inflows of Resources		
Related to Pensions	-	78,747
Net Position		
Net Investment in Capital Assets	8,929,561	578
Restricted for		
Capital Projects	526,255	-
Other Purposes	556,901	84,981
Unrestricted	4,301,171	177,905
Total Net Position	\$ 14,313,888	\$ 263,464

See accompanying notes which are an integral part of these financial statements.

**MONTGOMERY COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Health Center</u>
Primary Government						
Governmental Activities						
General Government	\$ 1,394,552	\$ 142,111	\$ -	\$ -	\$ (1,252,441)	\$ -
Judicial	415,932	193,318	-	-	(222,614)	-
Public Safety	1,969,884	142,634	19,051	-	(1,808,199)	-
Public Works	1,316,923	-	280,899	1,503,972	467,948	-
Health and Welfare	190,748	27,996	86,105	-	(76,647)	-
Culture and Recreation	74,411	4,924	-	-	(69,487)	-
Housing and Development	456,727	17,590	-	-	(439,137)	-
Interest on Long-Term Debt	33,285	-	-	-	(33,285)	-
Total Primary Government and Governmental Activities	<u>\$ 5,852,462</u>	<u>\$ 528,573</u>	<u>\$ 386,055</u>	<u>\$ 1,503,972</u>	<u>(3,433,862)</u>	<u>-</u>
Health Center	<u>\$ 321,305</u>	<u>\$ 104,572</u>	<u>\$ 205,258</u>	<u>\$ -</u>		<u>(11,475)</u>
General Revenues						
					2,687,349	-
					413,785	-
					367,546	-
					18,125	-
					706,577	-
					4,804	-
					102,516	71,956
					<u>4,300,702</u>	<u>71,956</u>
					866,840	60,481
					<u>13,447,048</u>	<u>202,983</u>
					<u>\$ 14,313,888</u>	<u>\$ 263,464</u>

See accompanying notes which are an integral part of these financial statements.

**MONTGOMERY COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	<u>General Fund</u>	<u>SPLOST 2015 Fund</u>	<u>Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and Cash Equivalents	\$ 3,681,262	\$ 354,614	\$ 435,967	\$ 270,809	\$ 4,742,652
Receivables					
Property Taxes	578,264	-	-	-	578,264
Accounts	78,660	-	-	36,841	115,501
Due From Other Governments	39,511	72,924	-	26,298	138,733
Inventory	6,791	-	-	-	6,791
Prepaid Items	43,450	4,160	-	-	47,610
Total Assets	<u>\$ 4,427,938</u>	<u>\$ 431,698</u>	<u>\$ 435,967</u>	<u>\$ 333,948</u>	<u>\$ 5,629,551</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts Payable	\$ 124,073	\$ 13,098	\$ -	\$ 38,045	\$ 175,216
Accrued Expenses/Liabilities	2,694	-	-	6,312	9,006
Due to Other Governments	-	61,002	-	-	61,002
Total Liabilities	<u>126,767</u>	<u>74,100</u>	<u>-</u>	<u>44,357</u>	<u>245,224</u>
Deferred Inflows of Resources - Unavailable Revenue	291,972	-	-	-	291,972
Fund Balances					
Nonspendable	47,976	-	-	-	47,976
Restricted for					
Capital Projects	-	357,598	-	168,657	526,255
Other Purposes	-	-	435,967	120,934	556,901
Unassigned	3,961,223	-	-	-	3,961,223
Total Fund Balances	<u>4,009,199</u>	<u>357,598</u>	<u>435,967</u>	<u>289,591</u>	<u>5,092,355</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,427,938</u>	<u>\$ 431,698</u>	<u>\$ 435,967</u>	<u>\$ 333,948</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,581,308
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	291,972
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Note Payable	(139,707)
Capital Leases Payable	<u>(512,040)</u>
Net Position of Governmental Activities	<u>\$ 14,313,888</u>

See accompanying notes which are an integral part of these financial statements.

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

	General Fund	SPLOST 2015 Fund	Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 3,057,581	\$ -	\$ -	\$ -	\$ 3,057,581
Sales Taxes	431,910	762,392	-	-	1,194,302
Insurance Premium Tax	367,546	-	-	-	367,546
Licenses and Permits	15,203	-	-	-	15,203
Intergovernmental	43,613	-	363,703	744,197	1,151,513
Charges for Services	126,858	-	-	147,558	274,416
Fines, Forfeitures and Fees	221,298	-	-	16,443	237,741
Other	46,504	-	50,389	21,086	117,979
Investment Earnings	3,946	434	672	376	5,428
Total Revenues	4,314,459	762,826	414,764	929,660	6,421,709
Expenditures					
Current					
General Government	927,246	-	-	-	927,246
Judicial	413,145	-	-	7,579	420,724
Public Safety	892,384	-	-	609,063	1,501,447
Public Works	714,435	8,621	-	139,073	862,129
Health and Welfare	103,992	-	-	71,599	175,591
Culture and Recreation	78,812	-	-	4,235	83,047
Housing and Development	32,752	-	-	95,803	128,555
Intergovernmental	-	338,531	-	-	338,531
Capital Outlay	66,573	284,084	485,225	94,166	930,048
Debt Service					
Principal	26,615	103,481	-	-	130,096
Interest	1,015	25,700	-	6,571	33,286
Total Expenditures	3,256,969	760,417	485,225	1,028,089	5,530,700
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,057,490	2,409	(70,461)	(98,429)	891,009
Other Financing Sources (Uses)					
Transfers In	95,000	-	137,957	314,779	547,736
Transfers Out	(431,861)	-	(20,875)	(95,000)	(547,736)
Total Other Financing Sources (Uses)	(336,861)	-	117,082	219,779	-
Net Change in Fund Balances	720,629	2,409	46,621	121,350	891,009
Fund Balances, Beginning	3,288,570	355,189	389,346	168,241	4,201,346
Fund Balances, Ending	\$ 4,009,199	\$ 357,598	\$ 435,967	\$ 289,591	\$ 5,092,355

See accompanying notes which are an integral part of these financial statements.

**MONTGOMERY COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE 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 \$ 891,009

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 outlays exceeded depreciation in the current period.

Capital Outlay	\$ 524,537	
Depreciation	<u>(672,917)</u>	(148,380)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (5,885)

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.

Payment of Capital Lease Obligations		<u>130,096</u>
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Change in Net Position of Governmental Activities \$ 866,840

See accompanying notes which are an integral part of these financial statements.

**MONTGOMERY COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020**

	<u>Custodial Funds</u>
Assets	
Cash and Cash Equivalents	\$ 107,663
Taxes Receivable	<u>604,480</u>
	<u>712,143</u>
Liabilities	
Due to Others	<u>712,143</u>
Net Position	<u><u>\$ -</u></u>

See accompanying notes which are an integral part of these financial statements.

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

	<u>Custodial Funds</u>
Additions	
Taxes Collected for Other Agencies	\$ 7,314,521
Court Fees Collected for Other Agencies	469,176
Sheriff Fees Collected	54,011
Interest Income	<u>295</u>
	<u>7,838,003</u>
Deductions	
Taxes Distributed to Other Agencies	7,292,860
Court Fees Distributed to Other Agencies	410,560
Payments to Others	80,989
Sheriff Fees Distributed to Other Agencies	<u>53,594</u>
	<u>7,838,003</u>
Change in Net Position	-
Net Position-Beginning	<u>-</u>
Net Position-Ending	<u><u>\$ -</u></u>

See accompanying notes which are an integral part of these financial statements.

MONTGOMERY COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

A. Reporting Entity

Montgomery County (the County) was established under the provisions of an act of the General Assembly of Georgia on December 19, 1793. The County is governed by an elected board of five County Commissioners and provides the following services as authorized by state law: public safety, highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Montgomery County, Georgia (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component units are discretely presented in the government-wide financial statements.

Blended Component Unit - A blended component unit, although a legally separate entity, is, in substance, part of the County's operations. Following is a description of the County's blended component unit:

Montgomery County Development Authority

The governing board of the Montgomery County Development Authority (Development Authority) consists of nine members appointed by the Montgomery County Board of Commissioners. The purpose of the Development Authority is to promote, develop and expand, for the public good and welfare of the County and its citizens, industry, agriculture, trade, commerce and recreation within the County. The Development Authority maintains its financial records on a calendar year ending December 31. The Development Authority does not issue stand-alone financial statements.

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 description of the County's discretely presented component unit:

Montgomery County Board of Health

The Montgomery County Board of Health d/b/a Montgomery County Public Health Center (Health Center), a component unit, has a governing board consisting of seven members. Four of the members are either County officials or members appointed by the County. Although the County does not have the authority to approve or modify the budget of the Health Center, the County is obligated to provide financial support to the Health Center. The Health Center has a June 30 year-end. The Health Center's financial statements may be obtained by writing to the District Administrator, South Central Health District, 2121-D Bellevue Road, Dublin, Georgia 31021.

(1) Summary of Significant Accounting Policies (Continued)

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 nonfiduciary activities of the government and its component units. 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 primary government is reported separately from the legally separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, any debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

(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 Projects Fund accounts for revenues associated with various County projects.

The SPLOST 2015 Fund accounts for the acquisition and construction of approved projects within the County from resources provided by the 2015 special County one percent sales and use tax.

Additionally, the County reports the following fund types:

The special revenue funds account for specific revenues that are legally restricted to expenditures for particular purposes.

The capital projects fund accounts for financial resources to be used for the acquisition and construction of major capital facilities.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County does not report any proprietary funds in these financial statements.

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.

(1) Summary of Significant Accounting Policies (Continued)

D. Cash, Cash Equivalents, and Investments

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

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the state of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations.

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the 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. The consumption method is used by recording an asset for the prepaid amount and by recording the expenditure/expense in the period in which services are consumed. At the fund reporting level, an equal amount of fund balance is categorized as nonspendable, as this amount is not available for general appropriation.

H. Capital Assets

Capital assets, which include property, plant, equipment, and the 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 \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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	10 - 30
Infrastructure	10 - 50
Machinery and Equipment	3 - 12

(1) Summary of Significant Accounting Policies (Continued)

I. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

J. Compensated Absences

Accumulated unpaid vacation, sick pay and other fringe benefits are not accrued since the amounts do not exceed a normal year's accumulation. These expenses are recorded as incurred.

K. Government-Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position are divided into three components:

Invested in capital assets - Consists of historical cost of capital assets less accumulated depreciation;

Restricted - Consists of net position that is restricted by the state enabling legislation, by grantors (both federal and state), and by other contributors; and

Unrestricted - All other net position is reported in this category.

L. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form (such as prepaid items) or because they are legally or contractually required to be maintained intact;

Restricted fund balance - Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors;

Committed - Amounts that are constrained for specific purposes that are internally imposed by the County through formal action by the Board of Commissioners and does not lapse at year-end. Committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action it employed to previously commit those amounts;

Assigned - Amounts that are designated by the County manager for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote by the Board of Commissioners; and

Unassigned - All amounts not included in other spendable classifications.

(1) Summary of Significant Accounting Policies (Continued)

L. Governmental Fund Balances (Continued)

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 then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, the County's policy is to use fund balance in the following order: committed, assigned, unassigned.

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

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

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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.

(2) Legal Compliance - Budgets

The Budgetary Information

The annual budget document is the financial plan for the operation of the County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the County. All budgets are adopted on a basis consistent with generally accepted accounting principles. An annual operation budget is prepared for all governmental funds except capital projects funds. Capital projects funds use project-length budgets.

Department heads submit to the county manager a proposed operating budget for the year commencing the following January 1. The proposed budgets are then submitted to the Board of Commissioners by the county manager for study. Public hearings are conducted to obtain taxpayer comments. Prior to January 1, the budget is legally adopted by the Board of Commissioners.

The legal level of control for each legally adopted annual budget is the department level for the General Fund. The budget so adopted may be revised during the year only by formal action of the Board of Commissioners in a regular meeting, and no increase shall be made therein without provision also being made for financing it. Budget amounts are as originally adopted, or as amended by the Board of Commissioners, if such amendments are considered material to the budget as a whole.

(3) Deposits and Investments

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 to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The County has no custodial credit risk policies requiring additional collateral. As of December 31, 2020, the County had no uncollateralized deposits.

As of June 30, 2020, the Health Department was properly insured and collateralized as required by the Official Code of Georgia Annotated (OCA) Section 45-8-12(c) and as defined by GASB pronouncements.

The County had no investments as of December 31, 2020.

(4) Receivables

Receivables for the government's individual major and nonmajor funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows at December 31, 2020:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables			
Property Taxes	\$ 608,699	\$ -	\$ 608,699
Accounts	<u>78,660</u>	<u>36,841</u>	<u>115,501</u>
	687,359	36,841	724,200
Allowance for Uncollectibles	<u>(30,435)</u>	<u>-</u>	<u>(30,435)</u>
	<u>\$ 656,924</u>	<u>\$ 36,841</u>	<u>\$ 693,765</u>

Property taxes were levied on August 27, 2020. Bills were payable on or before December 20, 2020, after which the applicable property is subject to lien, and penalties and interest are assessed. The County bills and collects its own property taxes. Property taxes levied for 2020 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2020, and collected by February 28, 2020, are recognized as revenues in the year ended December 31, 2020. Net receivables estimated to be collected subsequent to February 28, 2020, are deferred as of December 31, 2020, and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

(5) Capital Assets

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

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 552,293	\$ -	\$ -	\$ 552,293
Capital Assets, Depreciable				
Buildings and Improvements	6,125,114	-	-	6,125,114
Infrastructure	6,774,087	270,605	-	7,044,692
Furniture and Fixtures	332,226	7,137	-	339,363
Road Machinery and Equipment	4,550,797	246,795	-	4,797,592
	<u>17,782,224</u>	<u>524,537</u>	<u>-</u>	<u>18,306,761</u>
Accumulated Depreciation for				
Buildings and Improvements	(3,183,335)	(115,195)	-	(3,298,530)
Infrastructure	(1,518,424)	(299,803)	-	(1,818,227)
Furniture and Fixtures	(291,110)	(15,327)	-	(306,437)
Road Machinery and Equipment	(3,611,960)	(242,592)	-	(3,854,552)
	<u>(8,604,829)</u>	<u>(672,917)</u>	<u>-</u>	<u>(9,277,746)</u>
Total Capital Assets, Depreciable, Net	<u>9,177,395</u>	<u>(148,380)</u>	<u>-</u>	<u>9,029,015</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 9,729,688</u>	<u>\$ (148,380)</u>	<u>\$ -</u>	<u>\$ 9,581,308</u>

The schedule above includes the capital asset activity of the Montgomery County Development Authority which is classified as a blended component unit of the County.

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

Governmental Activities	
General Government	\$ 123,407
Judicial	1,211
Public Safety	67,374
Public Works	454,793
Health and Welfare	15,157
Culture and Recreation	6,796
Community Development	4,179
	<u>\$ 672,917</u>

(5) Capital Assets (Continued)

Discretely Presented Component Unit

Activity for the Health Center for the fiscal year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Depreciable				
Equipment and Vehicles	\$ 15,904	\$ -	\$ (339)	\$ 15,565
Accumulated Depreciation	(14,880)	(446)	339	(14,987)
	<u>\$ 1,024</u>	<u>\$ (446)</u>	<u>\$ -</u>	<u>\$ 578</u>

(6) Long-Term Debt

Primary Government

The following is a summary of long-term debt activity for the primary government for the 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	\$ 642,136	\$ -	\$ (130,096)	\$ 512,040	\$ 184,314
Notes Payable	139,707	-	-	139,707	139,707
	<u>\$ 781,843</u>	<u>\$ -</u>	<u>\$ (130,096)</u>	<u>\$ 651,747</u>	<u>\$ 324,021</u>

Capital Leases

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 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	\$ 826,527
Less Accumulated Depreciation	<u>(319,938)</u>
	<u>\$ 506,589</u>

(6) Long-Term Debt (Continued)

Primary Government (Continued)

Capital Leases (Continued)

The County reported \$148,363 of depreciation expense for governmental activities on the above leased assets for the year ended December 31, 2020.

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

<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2021	\$ 207,064
2022	94,475
2023	216,347
2024	38,042
2025	<u>544</u>
Total Minimum Lease Payments	556,472
Less Amount Representing Interest	<u>(44,432)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 512,040</u></u>

Note Payable

The note payable bears interest at a rate of 4.75 percent and matures on January 14, 2021. Debt service requirements at maturity include \$139,707 in principal and \$6,767 in interest. The note is secured by real estate.

(7) Interfund Receivables, Payables and Transfers

There were no interfund receivables or payables as of December 31, 2020.

Interfund Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 95,000
Project Fund	General Fund	137,957
Nonmajor Governmental Funds	General Fund	293,904
Nonmajor Governmental Funds	Project Fund	<u>20,875</u>
		<u><u>\$ 547,736</u></u>

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

(8) Senior Citizens Nutrition Fund

The County entered into contracts with the Heart of Georgia Altamaha Regional Commission and the Middle Flint Council on Aging, Inc. as the Area Agencies on Aging for the purpose of planning and administering services authorized by the Older Americans Act.

The revenues and expenditures by contract are as follows:

<u>Contract Number</u>	<u>Revenues</u>	<u>Expenditures</u>
HGAAAA-2020-11	\$ 36,395	\$ 36,395
Montgomery - 2021	36,395	36,395
	<u>\$ 72,790</u>	<u>\$ 72,790</u>

Salaries for this program are presented below as required by the Department of Human Resources:

<u>Employee</u>	<u>Salary</u>
Evelyn Carpenter	\$ 17,887
Miranda Edge	9,086
Yolanda Ford	7,728
James Selph	6,570
Eugenia Breedlove	934
	<u>\$ 42,205</u>

The program operated the following vehicles during the contract periods:

<u>Year</u>	<u>Make</u>	<u>Model</u>	<u>Body Style</u>	<u>Vehicle Identification Number</u>
2013	Nissan	Rogue	SUV	JN8AS5MV6DW638536
1999	Ford	Truck	Truck	1FTYR14V2XTA00255

(9) Joint Venture

Under Georgia law, the County is a participating member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay annual dues thereto. During the year ended December 31, 2020, the County paid \$5,073 in such dues. Membership in the RC is required by OCGA Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC board membership includes the chief elected official of each county and municipality of the area. OCGA Section 50-8-39.1 provides that the member governments are liable for any debts and obligations of the RC. Separate financial statements may be obtained from: Heart of Georgia Altamaha Regional Commission, 5405 Oak Street, Eastman, Georgia 31023.

(10) Retirement Plans

Defined Contribution Plan

Effective January 1, 2015, the County established the ACCG (Association County Commissioners of Georgia) 401(a) Defined Contribution Plan for Montgomery County Employees (plan), a single employer defined contribution plan established and administered by ACCG-GEBCorp for substantially all of its full-time employees. The plan provides retirement benefits to participants and beneficiaries. Plan provision and contribution requirements are established by ACCG-GEBCorp; however, they may be amended by the Montgomery County Board of Commissioners within the limits set forth in Section 12.01 of the plan document. The County will contribute three percent of the employee's compensation under the plan. Employees with less than five years of service are not vested in the plan and become 100 percent vested after five years of service.

The County's contributions to the plan for the year ended December 31, 2020, were \$40,200.

(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 Association of County Commissioners 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 the 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 Laws of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation, or defense.

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

(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 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 lawsuits in the ordinary course of business. 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.

REQUIRED SUPPLEMENTARY INFORMATION

**MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Property Taxes	\$ 3,069,730	\$ 3,057,581	\$ 3,057,581	\$ -
Sales Taxes	352,000	431,910	431,910	-
Insurance Premium Tax	360,000	367,546	367,546	-
Licenses and Permits	14,000	15,203	15,203	-
Intergovernmental	307,720	43,613	43,613	-
Charges for Services	130,000	126,858	126,858	-
Fines, Forfeitures and Fees	237,000	221,298	221,298	-
Investment Earnings	3,500	3,946	3,946	-
Other	19,000	46,504	46,504	-
Total Revenues	<u>4,492,950</u>	<u>4,314,459</u>	<u>4,314,459</u>	<u>-</u>
Expenditures				
Current				
General Government				
Board of Commissioners	60,450	45,998	45,998	-
Elections	90,076	89,807	89,807	-
Financial Administration	307,692	313,199	313,199	-
Tax Commissioner	150,757	144,048	144,048	-
Tax Assessor	186,148	185,677	185,677	-
General Government Building	149,726	148,517	148,517	-
	<u>944,849</u>	<u>927,246</u>	<u>927,246</u>	<u>-</u>
Judicial				
Superior Court	92,557	87,429	87,429	-
Clerk of Superior Court	133,982	108,795	108,795	-
Magistrate Court	90,176	88,411	88,411	-
Probate Court	118,852	118,658	118,658	-
Traffic Court	4,200	3,850	3,850	-
Legal	9,925	6,002	6,002	-
	<u>\$ 449,692</u>	<u>\$ 413,145</u>	<u>\$ 413,145</u>	<u>\$ -</u>

**MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (Continued)				
Public Safety				
Sheriff	\$ 1,090,287	\$ 541,954	\$ 541,954	\$ -
Rural Fire Protection	129,000	157,805	157,805	-
Emergency Medical Services	227,700	127,672	127,672	-
Emergency Management	55,746	51,899	51,899	-
Coroner	13,181	13,054	13,054	-
E-911	-	-	-	-
	<u>1,515,914</u>	<u>892,384</u>	<u>892,384</u>	<u>-</u>
Public Works				
Road Department	507,691	468,451	468,451	-
Solid Waste	246,747	245,984	245,984	-
	<u>754,438</u>	<u>714,435</u>	<u>714,435</u>	<u>-</u>
Health and Welfare				
Health Center	48,206	47,800	47,800	-
Aid to Dependent Children	5,000	5,000	5,000	-
Senior Citizens Center	51,400	51,192	51,192	-
	<u>104,606</u>	<u>103,992</u>	<u>103,992</u>	<u>-</u>
Culture and Recreation				
Forest Resources	15,450	15,431	15,431	-
Recreation	58,406	42,381	42,381	-
Library	21,000	21,000	21,000	-
	<u>94,856</u>	<u>78,812</u>	<u>78,812</u>	<u>-</u>
Housing and Development				
County Extension	62,620	32,752	32,752	-
Capital Outlay	<u>\$ -</u>	<u>\$ 66,573</u>	<u>\$ 66,573</u>	<u>\$ -</u>

**MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (Continued)				
Debt Service				
Principal	\$ 28,000	\$ 26,615	\$ 26,615	\$ -
Interest	-	1,015	1,015	-
	<u>28,000</u>	<u>27,630</u>	<u>27,630</u>	<u>-</u>
Total Expenditures	<u>3,954,975</u>	<u>3,256,969</u>	<u>3,256,969</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>537,975</u>	<u>1,057,490</u>	<u>1,057,490</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	87,100	95,000	95,000	-
Transfers Out	(479,178)	(431,861)	(431,861)	-
Total Other Financing Uses	<u>(392,078)</u>	<u>(336,861)</u>	<u>(336,861)</u>	<u>-</u>
Net Change in Fund Balance	145,897	720,629	720,629	-
Fund Balance, Beginning	<u>3,288,570</u>	<u>3,288,570</u>	<u>3,288,570</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 3,434,467</u></u>	<u><u>\$ 4,009,199</u></u>	<u><u>\$ 4,009,199</u></u>	<u><u>\$ -</u></u>

OTHER INFORMATION

MONTGOMERY COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

These funds are generally used to account for tax supported activities which include the nonmajor special revenue and the capital projects funds of the County.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Capital Projects Funds are used to account for the acquisition or construction of major capital facilities.

Special Drug Education Fund - To account for proceeds from a state-mandated addendum to fines, which may be expended for drug and alcohol abuse treatment and education programs.

Drug Forfeiture Fund - To account for the net proceeds of property deemed by the courts to be forfeited, in cases related to illegal drug activity. Expenditures are legally restricted to purchases of law enforcement materials and equipment.

Senior Citizens Nutrition Fund - To account for revenues from grants and other sources to provide meals and other services to the elderly.

Emergency 911 Fund - To account for revenues collected from telephone system subscribers, which are used to operate and maintain a countywide emergency response telephone system.

County (Jail) Fee Fund - To account for the additional 10 percent penalty charged on all court fines imposed within Montgomery County. Money collected by this fund is to be expended solely and exclusively for the constructing, operating and staffing of Montgomery County jails.

Law Library Fund - To account for the purchase of County Law Library materials, from revenue generated for that purpose, based on a portion of court fines and forfeitures.

Development Authority - To account for the promotion and expansion of industry and trade within Montgomery County.

Coronavirus Aid, Relief, and Economic Security Act (CARES) Fund – To account for grant proceeds from the CARES Act used to offset certain costs associated with COVID-19 pandemic.

Recreation Fund - To account for revenues generated from concessions, gate admissions and registration fees which are used to support the County's recreation programs.

Community Development Block Grant (CDBG) Fund - To account for proceeds of the Community Development Block Grant.

T-SPLOST Fund - To account for the County's proceeds for the Transportation Special Purpose Local Option Sales Tax.

2021 SPLOST Fund - To account for the County's proceeds for the Special Purpose Local Option Sales Tax.

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

	Special Revenue Funds								Capital Projects Funds			Total	
	Special Drug Education Fund	Drug Forfeiture Fund	Senior Citizens Nutrition Fund	Emergency 911 Fund	County (Jail) Fee Fund	Law Library Fund	Development Authority	CARES Act Fund	Recreation Fund	CDBG Fund	T-SPLOST Fund		2021 SPLOST Fund
Assets													
Cash and Cash Equivalents	\$ 19,824	\$ 8,397	\$ 22,231	\$ -	\$ 29,641	\$ 15,782	\$ 22,513	\$ -	\$ 4,044	\$ 370	\$ 147,907	\$ 100	\$ 270,809
Accounts Receivable	-	-	6,158	30,418	264	-	-	-	-	-	1	-	36,841
Due from Other Governments	-	-	-	-	-	-	-	-	-	-	26,298	-	26,298
Total Assets	<u>\$ 19,824</u>	<u>\$ 8,397</u>	<u>\$ 28,389</u>	<u>\$ 30,418</u>	<u>\$ 29,905</u>	<u>\$ 15,782</u>	<u>\$ 22,513</u>	<u>\$ -</u>	<u>\$ 4,044</u>	<u>\$ 370</u>	<u>\$ 174,206</u>	<u>\$ 100</u>	<u>\$ 333,948</u>
Liabilities and Fund Balances													
Liabilities													
Accounts Payable	\$ -	\$ -	\$ 11,451	\$ 2,117	\$ -	\$ -	\$ 18,121	\$ -	\$ 707	\$ -	\$ 5,649	\$ -	\$ 38,045
Accrued Liabilities	-	-	-	3,914	-	-	2,398	-	-	-	-	-	6,312
Total Liabilities	-	-	11,451	6,031	-	-	20,519	-	707	-	5,649	-	44,357
Fund Balance													
Restricted	19,824	8,397	16,938	24,387	29,905	15,782	1,994	-	3,337	370	168,557	100	289,591
Total Liabilities and Fund Balance	<u>\$ 19,824</u>	<u>\$ 8,397</u>	<u>\$ 28,389</u>	<u>\$ 30,418</u>	<u>\$ 29,905</u>	<u>\$ 15,782</u>	<u>\$ 22,513</u>	<u>\$ -</u>	<u>\$ 4,044</u>	<u>\$ 370</u>	<u>\$ 174,206</u>	<u>\$ 100</u>	<u>\$ 333,948</u>

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

	Special Revenue Funds									Capital Projects Funds		Total
	Special Drug Education Fund	Drug Forfeiture Fund	Senior Citizens Nutrition Fund	Emergency 911 Fund	County (Jail) Fee Fund	Law Library Fund	Development Authority	CARES Act Fund	Recreation Fund	CDBG Fund	T-SPLOST Fund	
Revenues												
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Service	-	-	-	142,634	-	-	-	4,924	-	-	-	-
Fines, Forfeitures and Fees	4,778	-	-	-	7,696	3,969	-	-	-	-	-	-
Intergovernmental	-	-	110,605	-	-	-	264,110	-	89,119	280,363	-	-
Other	-	-	3,496	-	-	-	17,590	-	-	-	-	-
Interest	35	22	-	-	50	39	42	-	-	-	188	-
Total Revenues	4,813	22	114,101	142,634	7,746	4,008	17,632	264,110	4,924	89,119	280,551	-
Expenditures												
Current												
Judicial	-	-	-	-	-	7,579	-	-	-	-	-	-
Public Safety	1,295	4,196	-	339,462	-	-	264,110	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	42,310	96,763	-	-
Housing and Development	-	-	-	-	-	-	95,803	-	-	-	-	-
Health and Welfare	-	-	71,599	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	4,235	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	46,809	47,357	-	-
Debt Service - Interest	-	-	-	-	-	-	6,571	-	-	-	-	-
Total Expenditures	1,295	4,196	71,599	339,462	-	7,579	102,374	264,110	4,235	89,119	144,120	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,518	(4,174)	42,502	(196,828)	7,746	(3,571)	(84,742)	-	689	-	136,431	-
Other Financing Sources (Uses)												
Transfer In	-	-	-	202,191	-	-	91,601	-	-	-	20,887	100
Transfer Out	-	-	(35,000)	-	-	-	-	-	-	-	(60,000)	-
Total Other Financing Sources (Uses)	-	-	(35,000)	202,191	-	-	91,601	-	-	-	(39,113)	100
Net Change in Fund Balance	3,518	(4,174)	7,502	5,363	7,746	(3,571)	6,859	-	689	-	97,318	100
Fund Balance, Beginning	16,306	12,571	9,436	19,024	22,159	19,353	(4,865)	-	2,648	370	71,239	-
Fund Balance, Ending	\$ 19,824	\$ 8,397	\$ 16,938	\$ 24,387	\$ 29,905	\$ 15,782	\$ 1,994	\$ -	\$ 3,337	\$ 370	\$ 168,557	\$ 100

MONTGOMERY COUNTY, GEORGIA

CUSTODIAL FUNDS

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

Clerk of Courts - 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.

Office of Sheriff - To account for all monies received by the Sheriff's Department 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.

**MONTGOMERY COUNTY, GEORGIA
CUSTODIAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2020**

	<u>Tax Commissioner</u>	<u>Clerk of Courts</u>	<u>Probate Court</u>	<u>Office of Sheriff</u>	<u>Magistrate Court</u>	<u>Total</u>
Assets						
Cash and Cash Equivalents	\$ 38,914	\$ 23,178	\$ 21,150	\$ 20,999	\$ 3,422	\$ 107,663
Taxes Receivable	<u>604,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>604,480</u>
	643,394	23,178	21,150	20,999	3,422	712,143
Liabilities						
Due to Others	<u>643,394</u>	<u>23,178</u>	<u>21,150</u>	<u>20,999</u>	<u>3,422</u>	<u>712,143</u>
Net Position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**MONTGOMERY COUNTY, GEORGIA
CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED
DECEMBER 31, 2020**

	<u>Tax Commissioner</u>	<u>Clerk of Courts</u>	<u>Probate Court</u>	<u>Office of Sheriff</u>	<u>Magistrate Court</u>	<u>Total</u>
Additions						
Taxes Collected for Other Agencies	\$ 7,314,521	\$ -	\$ -	\$ -	\$ -	\$ 7,314,521
Court Fees Collected for Other Agencies	-	277,311	112,932	-	78,933	469,176
Sheriff Fees Collected	-	-	-	54,011	-	54,011
Interest Income	226	-	4	48	17	295
	<u>7,314,747</u>	<u>277,311</u>	<u>112,936</u>	<u>54,059</u>	<u>78,950</u>	<u>7,838,003</u>
Deductions						
Taxes Distributed to Other Agencies	7,292,860	-	-	-	-	7,292,860
Court Fees Distributed to Other Agencies	-	219,748	112,291	-	78,521	410,560
Payments to Others	21,887	57,563	645	465	429	80,989
Sheriff Fees Distributed to Other Agencies	-	-	-	53,594	-	53,594
	<u>7,314,747</u>	<u>277,311</u>	<u>112,936</u>	<u>54,059</u>	<u>78,950</u>	<u>7,838,003</u>
Change in Net Position	-	-	-	-	-	-
Net Position-Beginning	-	-	-	-	-	-
Net Position-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MONTGOMERY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2015 ISSUE
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Expenditures</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Buildings and Ground Projects and Improvements, Road Improvements, Recreation and Library Equipment, Major Equipment and Motor Vehicles	\$ 3,058,000	\$ 1,292,023	\$ 292,705	\$ 1,584,728
Distribution to Municipalities				
City of Ailey	331,650	169,366	45,963	215,329
City of Alston	95,700	48,822	13,263	62,085
City of Higgston	194,700	99,355	26,983	126,338
City of Mount Vernon	1,405,800	720,223	194,826	915,049
City of Tarrytown	53,900	27,343	7,570	34,913
City of Uvalda	360,250	184,148	49,926	234,074
	<u>\$ 5,500,000</u>	<u>\$ 2,541,280</u>	<u>\$ 631,236</u>	<u>\$ 3,172,516</u>
Reconciliation of SPLOST Schedule to Financial Statements				
Total of SPLOST Expenditures Above			<u>\$ 631,236</u>	
Total Expenditures - SPLOST 2015 Fund			\$ 760,417	
Debt Service Payments			<u>(129,181)</u>	
			<u>\$ 631,236</u>	

**MONTGOMERY COUNTY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
SOURCE AND APPLICATION OF FUNDS SCHEDULE
GRANT #16P-Y-103-1-6081
FOR THE YEAR ENDED DECEMBER 31, 2020**

I. Total Fiscal Year 2016 Funds Awarded to Recipient	<u>\$ 471,887</u>
II. Total Amount Drawn Down by Recipient from CDBG	\$ 91,019
III. Less CDBG Funds Expended by Recipient	<u>91,019</u>
IV. Amount of Fiscal Year 2016 CDBG Funds Held by Recipient	<u>\$ -</u>

**MONTGOMERY COUNTY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
PROJECT COST SCHEDULE
GRANT #16P-Y-103-1-6081
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Program Activity</u>	<u>Activity Code</u>	<u>Latest Approved Budget</u>	<u>Accumulative Expenditures to Date</u>	<u>Accumulative Expenditures to Date Other Funds</u>	<u>Total Expenditures to Date</u>	<u>Questioned Costs</u>
Engineering	T-03K-01	\$ 48,704	\$ 44,210	\$ -	\$ 44,210	\$ -
Street Improvements	P-03K-01	423,183	46,809	-	46,809	-
		<u>\$ 471,887</u>	<u>\$ 91,019</u>	<u>\$ -</u>	<u>\$ 91,019</u>	<u>\$ -</u>

COMPLIANCE SECTION

September 15, 2021

**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
Montgomery County, Georgia

We have audited, in accordance with the 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 unit, each major fund and the aggregate remaining fund information of **Montgomery 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 September 15, 2021. Our report includes a reference to other auditors who audited the financial statements of Montgomery County Health Department, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis 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, such that there is a reasonable possibility that a material misstatement of the County'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.

Internal Control Over Financial Reporting (Continued)

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 and not be identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as findings 2020-1, 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 of 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*.

Montgomery County, Georgia's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The County's response was 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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

**MONTGOMERY COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

2020-1 Lack of Segregation of Duties

Condition: There is a lack of segregation of duties in the offices of the Probate Court, Clerk of Court, Magistrate Court, Sheriff's Office, Tax Commissioner's Office and the Board of Commissioner's Office. These situations pose dangers in that errors or thefts could occur and not be detected in a timely manner.

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

Effect: Failure to properly segregate duties between recording, processing and reconciliation of accounts can lead to misappropriation of funds.

Recommendation: The duties of recording, processing, and reconciliation of accounts should be segregated between employees.

Views of Responsible Officials and Planned Corrective Action:

We agree with the recommendation concerning a lack of segregation of duties. Each elected official is reviewing this condition in his or her office to determine the most efficient and effective solution to segregating the duties between recording, processing, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without such an act being detected during the normal course of business.