# MITCHELL COUNTY, GEORGIA

## FINANCIAL REPORT

## FOR THE YEAR ENDED
## DECEMBER 31, 2020

# MITCHELL COUNTY, GEORGIA

## FINANCIAL REPORT
## FOR THE YEAR ENDED DECEMBER 31, 2020

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**TABLE OF CONTENTS**


| | Page |
|---|---|
| **FINANCIAL SECTION** | |
| Independent Auditors' Report | 1 – 3 |
| Management's Discussion and Analysis | 4 – 11 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 12 |
| Statement of Activities | 13 and 14 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 15 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 16 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 17 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual - General Fund | 18 and 19 |
| Statement of Net Position – Proprietary Funds | 20 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds | 21 |
| Statement of Cash Flows – Proprietary Funds | 22 |
| Statement of Fiduciary Net Position – Custodial Funds | 23 |
| Statement of Changes in Fiduciary Net Position – Custodial Funds | 24 |
| Notes to the Financial Statements | 25 – 52 |
| Required Supplementary Information: | |
| Schedule of Changes in the County's Net Pension Liability and Related Ratios | 53 |
| Schedule of County Contributions | 54 |
| Combining and Individual Fund Statements and Schedules: | |
| Nonmajor Governmental Funds: | |
| Combining Balance Sheet – Nonmajor Governmental Funds | 55 and 56 |
| Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds | 57 and 58 |
| Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds | 59 and 60 |
| Fiduciary Funds: | |
| Combining Statement of Net Position – Custodial Funds | 61 and 62 |
| Combining Statement of Changes in Fiduciary Net Position – Custodial Funds | 63 and 64 |

# MITCHELL COUNTY, GEORGIA

## FINANCIAL REPORT
## FOR THE YEAR ENDED DECEMBER 31, 2020

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**TABLE OF CONTENTS (CONTINUED)**


**Page**

**COMPLIANCE SECTION**

**Independent Auditors' 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* ..... 65 and 66**

**Independent Auditor's Report on Compliance for Each Major Program and On Internal Control Over Compliance Required By the Uniform Guidance ..... 67 – 69**

**Schedule of Expenditures of Federal Award ..... 70**

**Notes to Schedule of Expenditures of Federal Awards ..... 71**

**Schedule of Findings and Questioned Costs ..... 72 and 73**

**Schedule of Prior Year Findings ..... 74**

**Management's Corrective Action Plan ..... 75**

# FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

# INDEPENDENT AUDITORS' REPORT

**To the Board of Commissioners**
**of Mitchell County, Georgia**
**Camilla, Georgia**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Mitchell 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 Mitchell County, Georgia's basic financial statements as listed in the table of contents.

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

**Auditor's Responsibility**
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mitchell County Board of Health, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mitchell 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 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 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 the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Mitchell County, Georgia as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 16, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 84, Fiduciary Activities, as of January 1, 2020. This standard changed the accounting for the County's fiduciary activities and the related disclosures. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") (pages 4 through 11), the Schedule of Changes in the County's Net Pension Liability and Related Ratios (page 53) and the Schedule of County Contributions (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 Governmental Accounting Standards Board ("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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia Annotated ("O.C.G.A.") § 48-8-121 are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The schedule of expenditures of federal awards, the combining and individual nonmajor fund financial statements and schedules and the schedules 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, the schedule of expenditures of federal awards, 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 May 3, 2021, on our consideration of Mitchell County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Mitchell County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 3, 2021

# MITCHELL COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS
## FOR THE YEAR ENDED DECEMBER 31, 2020

As Chief Financial Officer of Mitchell County, Georgia (the "County"), I, along with the Board of Commissioners, offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2020. This discussion is intended to help provide a comprehensive understanding of the financial performance and condition of the County taken as a whole. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the financial statements and the notes to the financial statements.

Fiscal Year 2020 is the sixteenth year the County has prepared its annual report in compliance with the financial reporting model, GASB 34. This reporting model is a combination of both government-wide financial statements and fund financial statements. As such, our basic financial statements contain three components:

1) Government-wide financial statements including the statement of net position and the statement of activities. These statements provide a broad, long-term overview of the County's finances based upon the driving factors of economic resources available.

2) Fund financial statements including balance sheet and statement of revenues, expenditures, and changes in fund balance. These statements focus more on the short-term performance of the County's finances based upon the current financial resources available.

3) Notes to financial statements.

The discussion and analysis will assist the reader by highlighting and summarizing in general terms the basic financial information contained within the annual report.

**Financial Highlights**

Key financial highlights for fiscal year 2020, are as follows:

Government-wide financial statements:

- At December 31, 2020, Mitchell County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $35,446,059 (net position).

- The County's $18,521,065 net investment in capital assets and $11,599,297 in unrestricted, leaves the County with $5,325,697 in net position restricted for governmental activities.

- Mitchell County, Georgia's total net position increased from $30,221,487 in the prior year to $35,446,059 in the current year, for a total increase of $5,224,572, or 17.3%.

- Mitchell County, Georgia's revenues for fiscal year 2020, totaled $25,554,194. Of this amount, 60% are property tax revenues, 10% are sales tax revenues, 1% are other tax revenues, 17% are charges for services and the remaining 12% are other revenues. This is a 17% increase over fiscal year 2019 revenues.

- Mitchell County, Georgia's total program expenses for fiscal year 2020 totaled $20,329,622. Of this amount, 40% are public safety expenses, 21% are general governmental expenses, 25% are public works expenses and the remaining 14% are other expenses. This is a 0.66% increase over fiscal year 2019 expenses.

- Mitchell County, Georgia's governmental funds recorded total assets of $23,653,465 for the year ended December 31, 2020. This amount is over the total governmental funds liabilities and deferred inflows of resources by $22,134,394 (fund balance).

- Total governmental fund's fund balances for the year ended December 31, 2020, increased by $5,136,489 from the previous year. This increase was a result of a $4,819,646 increase in the General Fund, a $1,169,210 decrease in the 2012 – 2017 Sales Tax Fund, a $1,098,489 increase in the 2018 – 2023 Sales Tax Fund and a $387,764 increase in Non-major Governmental Funds.

- Total governmental fund balance is $22,134,394, with $15,441,557 classified as unassigned.

- Total revenues for the General Fund were over budgeted amounts by $2,295,789, or 13.2%, and total expenditures for the General Fund were under budget by $1,792,703, or 10.2%.

**Overview of the Financial Statements**

The reporting model for the Government-wide Financial Statements is designed to provide readers with a broad overview of the County's financial performance over the past year and the resulting condition thereof. The statements resemble those of private sector business by taking on an "economic resource" approach as opposed to a "current resource" approach traditionally found in Fund Financial Statements. Additionally, this MD&A helps highlight and emphasize in plain language the events that have occurred over the past year to bring about the current financial condition of the County. I encourage readers to review all of the basic financial statements, along with the MD&A and supplementary information in order to fully understand the overall financial position of Mitchell County, Georgia.

**Reporting on the County as a Whole**

The model of financial reporting, which includes the Statement of Net Position and the Statement of Activities beginning on page 12, helps readers identify whether or not the County as a whole is in better condition as a result of the events that have taken place over the past year. These statements capture *all* assets and liabilities using the *accrual basis of accounting.* This format of accounting resembles that used by most private-sector companies by recording all of the current year's revenues and expenses regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, the County is presented in two distinct activities:

- Governmental Activities – This section reports most of the familiar governmental services: general government, judicial, public safety, public works, health and welfare, recreation, and housing and development. The majority of funding for these programs comes from property taxes, sales tax, charges for services, and fines and forfeitures.

- Business-type Activities – This section reports activities that are financed and operated in a manner similar to private business enterprises where the intent of the governing authority is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing authority has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. For purposes of this paragraph, the term "costs" means expenses, including depreciation.

- Component units – There is one component unit report, the Mitchell County Board of Health. Although this unit is a legally separate entity, it is important because the County has a significant financial interest in this unit.

**Reporting on the County's Most Significant Funds**

The Fund Financial Statements beginning on page 15 provides a more detailed look at the County's most significant funds – not the County as a whole. While some funds are required by State law, others are established by the Board of Commissioners to help control budgets and financing for specific purposes. The County maintains three categories of funds: Governmental, Proprietary and Fiduciary.

- Governmental Funds – As you might expect, most of the familiar governmental services (general government, judiciary, public safety, public works, health and welfare, recreation, housing and development) are captured and reported in Governmental Funds. These funds use a method of accounting called the modified accrual approach. This method of accounting measures cash and other financial assets that can be readily converted into cash. The Governmental Funds provide a short-term view of the County's general government operations and services, and help determine the amount of financial resources that are available in the near future to fund County programs. On page 17 is the reconciliation between the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

- Proprietary Funds – The County maintains two type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water and Sewer System Fund and on internal service fund to account for its Self-Insurance Health Benefit Fund. The accounting method used for these funds is much like that used for a business, the *full accrual* method.

- Fiduciary Funds – These funds are established to report on assets being held by the County for the benefit of parties outside the County. Although these funds are presented in the Fund Financial statements, they do not appear in the Government-wide statements because the resources of these funds are not available to support the programs of Mitchell County Local Government. The accounting method used for these funds is much like that used for proprietary funds, the *full accrual* method.

**Mitchell County Government-Wide Financial Analysis**

The following table presents a summary of the Statement of Net Position for the County as of December 31, 2020 and 2019.

**Table 1**
**Summary of Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 | **2020** | 2019 |
| Current and Other Assets | **$ 23,677,927** | $ 18,998,937 | **$ 119,413** | $ 153,461 | **$ 23,797,340** | $ 19,152,398 |
| Capital Assets | **19,306,676** | 18,604,049 | **1,960,691** | 1,705,483 | **21,267,367** | 20,309,532 |
| Total Assets | **42,984,603** | 37,602,986 | **2,080,104** | 1,858,944 | **45,064,707** | 39,461,930 |
| Deferred outflows of resources | **974,350** | 1,722,944 | - | - | **974,350** | 1,722,944 |
| Long-term Liabilities | **4,607,386** | 4,645,800 | **938,177** | 775,759 | **5,545,563** | 5,421,559 |
| Other Liabilities | **4,594,108** | 5,146,664 | **64,180** | 87,063 | **4,658,288** | 5,233,727 |
| Total Liabilities | **9,201,494** | 9,792,464 | **1,002,357** | 862,822 | **10,203,851** | 10,655,286 |
| Deferred inflows of resources | **389,147** | 308,101 | - | - | **389,147** | 308,101 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | **17,537,691** | 17,655,344 | **983,374** | 842,661 | **18,521,065** | 18,498,005 |
| Restricted | **5,325,697** | 5,227,240 | **-** | - | **5,325,697** | 5,227,240 |
| Unrestricted | **11,504,924** | 6,342,781 | **94,373** | 153,461 | **11,599,297** | 6,496,242 |
| Total Net Position | **$ 34,368,312** | $ 29,225,365 | **$ 1,077,747** | $ 996,122 | **$ 35,446,059** | $ 30,221,487 |

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $35,368,312 at the close of the most recent fiscal year.

By far the largest portion of the County's net position (52%) reflects its investment in capital assets (e.g., land, building, 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.

An additional portion of the County's net position (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is $11,599,297.

The following table summarizes the changes in net position for the primary government for the fiscal years ended December 31, 2020 and 2019:

**Table 2**
**Changes in Net Position**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 | **2020** | 2019 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | **$ 3,544,743** | $ 3,434,810 | **$ 719,756** | $ 862,731 | **$ 4,264,499** | $ 4,297,541 |
| Operating grants | **1,243,800** | 1,623,197 | **-** | - | **1,243,800** | 1,623,197 |
| Capital grants | **699,488** | 49,460 | **394,046** | 426,547 | **1,093,534** | 476,007 |
| General revenue: | | | | | | |
| Property taxes | **15,255,105** | 11,641,559 | **-** | - | **15,255,105** | 11,641,559 |
| Sales taxes | **2,506,348** | 2,547,906 | **-** | - | **2,506,348** | 2,547,906 |
| Insurance premium taxes | **951,390** | 907,431 | **-** | - | **951,390** | 907,431 |
| Other taxes | **170,566** | 164,330 | **-** | - | **170,566** | 164,330 |
| Unrestricted investment earnings | **68,952** | 106,925 | **-** | - | **68,952** | 106,925 |
| Total revenues | **24,440,392** | 20,475,618 | **1,113,802** | 1,289,278 | **25,554,194** | 21,764,896 |
| Program expenses: | | | | | | |
| General government | **4,236,081** | 4,351,772 | **-** | - | **4,236,081** | 4,351,772 |
| Judicial | **1,178,425** | 1,142,191 | **-** | - | **1,178,425** | 1,142,191 |
| Public safety | **8,054,287** | 7,655,437 | **-** | - | **8,054,287** | 7,655,437 |
| Public works | **5,065,178** | 5,414,679 | **-** | - | **5,065,178** | 5,414,679 |
| Health and welfare | **429,484** | 425,118 | **-** | - | **429,484** | 425,118 |
| Culture and recreation | **335,169** | 325,161 | **-** | - | **335,169** | 325,161 |
| Conservation and development | **491,429** | 463,356 | **-** | - | **491,429** | 463,356 |
| Interest on long-term debt | **95,769** | 102,422 | **-** | - | **95,769** | 102,422 |
| Water | **-** | - | **443,800** | 316,703 | **443,800** | 316,703 |
| Total expenses | **19,885,822** | 19,880,136 | **443,800** | 316,703 | **20,329,622** | 20,196,839 |
| Excess revenues over expenses | **4,554,570** | 595,482 | **670,002** | 972,575 | **5,224,572** | 1,568,057 |
| Transfers | **588,377** | 1,019,432 | **(588,377)** | (1,019,432) | **-** | - |
| Change in net position | **5,142,947** | 1,614,914 | **81,625** | (46,857) | **5,224,572** | 1,568,057 |
| Net position - beg of year | **29,225,365** | 27,610,451 | **996,122** | 1,042,979 | **30,221,487** | 28,653,430 |
| Net position - end of year | **$ 34,368,312** | $ 29,225,365 | **$ 1,077,747** | $ 996,122 | **$ 35,446,059** | $ 30,221,487 |

Total revenues for governmental activities exceed total expenses by $4,554,570. By review of Table 2, it is apparent that the bulk of revenues supporting governmental activities are attributable to property taxes, $15,255,105, or 62%, and charges for services $3,544,743, or 15%.

Additionally, Table 2 illustrates the bulk of governmental activities expense being reported within the program of public safety, reporting expenses of $8,054,287, or 41%, with the second largest expense attributable to public works with expenses of $5,065,178, or 25%.

**Governmental Activities**

The current reporting model provides users with an understanding of how governmental activities are fully supported. Table 3 will help illustrate how these programs fall short of supporting themselves and must, therefore, rely on general revenues such as property tax, sales tax, fines and grants. The table lists the total cost of each program, and the final net cost (total cost less revenues generated by the program).

**Table 3**
**Governmental Activities**

| | Total Cost of Services | | Net Cost of Services | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| General government | **$ 4,236,081** | $ 4,351,772 | **$ 4,097,469** | $ 4,112,270 |
| Judicial | **1,178,425** | 1,142,191 | **996,456** | 976,473 |
| Public safety | **8,054,287** | 7,655,437 | **4,893,059** | 4,609,777 |
| Public works | **5,065,178** | 5,414,679 | **3,963,294** | 3,950,414 |
| Health and welfare | **429,484** | 425,118 | **429,484** | 425,118 |
| Culture and recreation | **335,169** | 325,161 | **312,635** | 277,689 |
| Conservation and development | **491,429** | 463,356 | **(390,375)** | 318,506 |
| Interest on long-term debt | **95,769** | 102,422 | **95,769** | 102,422 |
| Totals | **$ 19,885,822** | $ 19,880,136 | **$ 14,397,791** | $ 14,772,669 |

As noted in the above table, governmental programs fell $14,397,791 short of supporting themselves through direct revenues attributable to those programs. As a result, citizens support these programs through payment of property taxes, sales taxes, and other taxes.

**The County's Major Governmental Funds**

At the end of fiscal year 2020, the County reported its governmental funds (as presented in the balance sheet on page 15) having a combined fund balance of $22,134,394. This balance increased by $5,136,489 from the prior year's balance. The statement of revenues, expenditures and changes in fund balances presented on page 16 reports fund balance of $16,251,054 in the General Fund, $873,463 was reported for 2012 – 2017 Sales Tax Fund, $2,999,808 was reported for 2018 – 2023 Sales Tax Fund and $2,010,069 for Non-major Governmental Funds.

Revenues for the General Fund totaled $19,691,289, or approximately 80% of total governmental revenues, reported in the statement of revenues, expenditures and changes in fund balance presented on page 16. Of this amount, $15,542,046 (63%) was collected through property taxes, with the second largest source of revenues reported in the line item of sales taxes, $2,506,348 (10%).

Expenditures for the General Fund totaled $15,867,797 (not including other financing uses). Expenditures exceeded revenues by $3,823,492.

**General Fund Budgetary Highlights**

Total revenues in the General Fund were over final budgeted amounts by $2,295,789, or 13.2%. This final result is a combination of both positive and negative variances as reported on the General Fund Budgetary Comparison Statement presented on pages 18 and 19.

General Fund expenditures (not including other financing uses) for the year ended December 31, 2020, were under budget by $1,792,703, 10.2%.

**Capital Asset and Debt Administration**

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to $21,267,367 (net of accumulated depreciation). This is an increase of $957,835 from last year. The increase is the result of capital outlay exceeding depreciation in the current year. Table 4 is summary data of capital assets.

**Table 4**
**Capital Assets (Net of Accumulated Depreciation)**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Land | $ 3,461,069 | $ 81,920 | $ 3,542,989 |
| Buildings | 3,175,681 | 173,345 | 3,349,026 |
| Infrastructure | 8,173,796 | 1,705,426 | 9,879,222 |
| Vehicles and equipment | 4,496,130 | - | 4,496,130 |
| Totals | $ 19,306,676 | $ 1,960,691 | $ 21,267,367 |

It should be noted that the majority of the capital assets in the County have been obtained through the use of Special Purpose Local Option Sales Tax ("SPLOST"). More detail on the County's capital assets can be found in Note 6, pages 38 and 39 of the Notes to the Financial Statements.

At year-end, the County had a total of $9,610,330 in outstanding long-term liabilities which includes $3,166,917 in closure and post-closure care costs for the Mitchell County Landfill and the balance being notes payable, bonds payable, financed purchases, compensated absences, and the net pension liability. More information regarding the County's long-term debt can be found in Note 7, pages 40 – 43 in the Notes to Financial Statements.

**Other Economic Factors**

At the direction of the Board of Commissioners, the County has positioned itself to build sufficient reserves for short-term operating costs, thereby reducing the need for an operating line of credit. This saves the County interest expense. The County has also taken advantage of governmental lease-purchase agreements for its large equipment needs. These agreements allow for the guaranteed repurchase of the equipment by the vendor and provides the County with newer equipment that reduces overall repairs, maintenance and operating costs.

To help improve the community, provide job opportunities and expand the tax base, the Board of Commissioners funds the Mitchell County Development Authority.

**Contacting the County's Financial Management**

This Annual Financial Report is designed to help citizens, taxpayers, customers, investors, and creditors evaluate the overall condition of Mitchell County, Georgia and the operations thereof. Additional details can be requested by mail at the following address: Mitchell County Board of Commissioners, 26 N. Court Avenue, Camilla, Georgia 31730.

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF NET POSITION
## FOR THE YEAR ENDED DECEMBER 31, 2020

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Mitchell County Board of Health |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 19,722,446 | $ 80,000 | $ 19,802,446 | $ 482,903 |
| Prepaid expenses | - | - | - | - |
| Investments | 759,943 | - | 759,943 | - |
| Taxes receivable | 2,854,542 | - | 2,854,542 | - |
| Accounts receivable, net of allowances | 58,474 | 39,413 | 97,887 | - |
| Due from other governments | 274,118 | - | 274,118 | 167,343 |
| Interest receivable | 3,561 | - | 3,561 | - |
| Notes receivable | 4,843 | - | 4,843 | - |
| Capital assets: | | | | |
| Nondepreciable | 3,461,069 | 81,920 | 3,542,989 | - |
| Depreciable, net of accumulated depreciation | 15,845,607 | 1,878,771 | 17,724,378 | 68,687 |
| Total assets | 42,984,603 | 2,080,104 | 45,064,707 | 718,933 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Pension differences | 974,350 | - | 974,350 | 103,673 |
| OPEB differences | - | - | - | 59,860 |
| Total deferred outflows of resources | 974,350 | - | 974,350 | 163,533 |
| **LIABILITIES** | | | | |
| Accounts payable | 326,055 | 25,040 | 351,095 | 43,725 |
| Accrued liabilities | 82,405 | - | 82,405 | 69 |
| Claims payable | 144,787 | - | 144,787 | - |
| Due to other governments | 15,234 | - | 15,234 | 30,070 |
| Financed purchases due within one year | 312,164 | - | 312,164 | - |
| Financed purchases due in more than one year | 1,234,918 | - | 1,234,918 | - |
| Notes payable due within one year | 55,476 | 39,140 | 94,616 | - |
| Notes payable due in more than one year | 166,427 | 938,177 | 1,104,604 | - |
| Bonds payable due within one year | 995,000 | - | 995,000 | - |
| Compensated absences due within one year | 156,494 | - | 156,494 | 2,740 |
| Compensated absences due in more than one year | 39,124 | - | 39,124 | 24,665 |
| Closure and post-closure care costs | 3,166,917 | - | 3,166,917 | - |
| Net pension liability | 2,506,493 | - | 2,506,493 | 450,865 |
| Net OPEB liability | - | - | - | 85,753 |
| Total liabilities | 9,201,494 | 1,002,357 | 10,203,851 | 637,887 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Pension differences | 389,147 | - | 389,147 | 41,312 |
| OPEB differences | - | - | - | 214,430 |
| Total deferred inflows of resources | 389,147 | - | 389,147 | 255,742 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 17,537,691 | 983,374 | 18,521,065 | 68,687 |
| Restricted for: | | | | |
| Judicial | 20,189 | - | 20,189 | - |
| Victims witness program | 2,815 | - | 2,815 | - |
| Public safety | 612,316 | - | 612,316 | - |
| Economic development | 10,424 | - | 10,424 | - |
| Capital outlay | 4,679,953 | - | 4,679,953 | - |
| Special use | - | - | - | 290,425 |
| Unrestricted (deficit) | 11,504,924 | 94,373 | 11,599,297 | (370,275) |
| Total net position | $ 34,368,312 | $ 1,077,747 | $ 35,446,059 | $ (11,163) |

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

# MITCHELL COUNTY, GEORGIA

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

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| **Primary government** | | | | |
| Governmental activities: | | | | |
| General government | $ 4,236,081 | $ 110,300 | $ 28,312 | $ - |
| Judicial | 1,178,425 | - | 181,969 | - |
| Public safety | 8,054,287 | 3,150,894 | - | 10,334 |
| Public works | 5,065,178 | 71,106 | 1,017,519 | 13,259 |
| Health and welfare | 429,484 | - | - | - |
| Recreation | 335,169 | 22,534 | - | - |
| Conservation and development | 491,429 | 189,909 | 16,000 | 675,895 |
| Interest on long-term debt | 95,769 | - | - | - |
| Total governmental activities | 19,885,822 | 3,544,743 | 1,243,800 | 699,488 |
| Business-type activities: | | | | |
| Water and sewer system | 443,800 | 719,756 | - | 394,046 |
| Total business-type activities | 443,800 | 719,756 | - | 394,046 |
| Total primary government | $ 20,329,622 | $ 4,264,499 | $ 1,243,800 | $ 1,093,534 |
| **Component unit** | | | | |
| Mitchell County Board of Health | $ 630,609 | $ 395,375 | $ 458,649 | $ - |
| Total component unit | $ 630,609 | $ 395,375 | $ 458,649 | $ - |
| General revenues: | | | | |
| Property taxes | | | | |
| Sales taxes | | | | |
| Insurance premium tax | | | | |
| Other taxes | | | | |
| Unrestricted investment earnings | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position, beginning of year | | | | |
| Net position, end of year | | | | |

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

| Net (Expenses) Revenues and Changes in Net Position | | | |
|---|---|---|---|
| Primary Government | | | Component Unit |
| Governmental Activities | Business-type Activities | Total | Mitchell County Board of Health |
| $ (4,097,469) | $ - | $ (4,097,469) | $ - |
| (996,456) | - | (996,456) | - |
| (4,893,059) | - | (4,893,059) | - |
| (3,963,294) | - | (3,963,294) | - |
| (429,484) | - | (429,484) | - |
| (312,635) | - | (312,635) | - |
| 390,375 | - | 390,375 | - |
| (95,769) | - | (95,769) | - |
| (14,397,791) | - | (14,397,791) | - |
| - | 670,002 | 670,002 | - |
| - | 670,002 | 670,002 | - |
| $ (14,397,791) | $ 670,002 | $ (13,727,789) | $ - |
| $ - | $ - | $ - | $ 223,415 |
| - | - | - | 223,415 |
| 15,255,105 | - | 15,255,105 | - |
| 2,506,348 | - | 2,506,348 | - |
| 951,390 | - | 951,390 | - |
| 170,566 | - | 170,566 | - |
| 68,952 | - | 68,952 | - |
| 588,377 | (588,377) | - | - |
| 19,540,738 | (588,377) | 18,952,361 | - |
| 5,142,947 | 81,625 | 5,224,572 | 223,415 |
| 29,225,365 | 996,122 | 30,221,487 | (234,578) |
| $ 34,368,312 | $ 1,077,747 | $ 35,446,059 | $ (11,163) |

# MITCHELL COUNTY, GEORGIA

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

| | General Fund | 2018-2023 Sales Tax Fund | 2012-2017 Sales Tax Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 14,338,952 | $ 2,816,796 | $ 888,697 | $ 1,642,647 | $ 19,687,092 |
| Investments | 490,186 | - | - | 269,757 | 759,943 |
| Taxes receivables | 2,750,828 | - | - | 103,714 | 2,854,542 |
| Accounts receivables, net of allowances | 58,474 | - | - | - | 58,474 |
| Due from other governments | - | 274,118 | - | - | 274,118 |
| Notes receivable | - | - | - | 4,843 | 4,843 |
| Interest receivable | 3,561 | - | - | - | 3,561 |
| Due from other funds | 10,892 | - | - | - | 10,892 |
| Total assets | $ 17,652,893 | $ 3,090,914 | $ 888,697 | $ 2,020,961 | $ 23,653,465 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | | | | | |
| **LIABILITIES** | | | | | |
| Accounts payable | $ 234,949 | $ 91,106 | $ - | $ - | $ 326,055 |
| Accrued liabilities | 82,405 | - | - | - | 82,405 |
| Due to other funds | - | - | - | 10,892 | 10,892 |
| Due to other governments | - | - | 15,234 | - | 15,234 |
| Total liabilities | 317,354 | 91,106 | 15,234 | 10,892 | 434,586 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Unavailable revenue - property taxes | 1,084,485 | - | - | - | 1,084,485 |
| Total deferred inflow of resources | 1,084,485 | - | - | - | 1,084,485 |
| **FUND BALANCES** | | | | | |
| Nonspendable - Long-term receivable | - | - | - | 4,843 | 4,843 |
| Restricted for: | | | | | |
| Judicial | - | - | - | 20,189 | 20,189 |
| Victims witness program | 2,815 | - | - | - | 2,815 |
| Public safety | - | - | - | 612,316 | 612,316 |
| Economic development | - | - | - | 10,424 | 10,424 |
| Capital outlay | 806,682 | 2,999,808 | 873,463 | - | 4,679,953 |
| Committed for: | | | | | |
| Public safety | - | - | - | 648,509 | 648,509 |
| Housing and development | - | - | - | 713,788 | 713,788 |
| Unassigned | 15,441,557 | - | - | - | 15,441,557 |
| Total fund balances | 16,251,054 | 2,999,808 | 873,463 | 2,010,069 | 22,134,394 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 17,652,893 | $ 3,090,914 | $ 888,697 | $ 2,020,961 | |

| | |
|---|---|
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 19,306,676 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. | 1,084,485 |
| Deferred outflows of resources and deferred inflows of resources related to the County's pension plan are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds. | 585,203 |
| Internal service funds are used by management to charge the costs of risk management to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities. | (109,433) |
| Certain liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. | (6,126,520) |
| The net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds. | (2,506,493) |
| Net position of governmental activities | $ 34,368,312 |

# MITCHELL COUNTY, GEORGIA

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

| | General Fund | 2018-2023 Sales Tax Fund | 2012-2017 Sales Tax Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Property taxes | $ 14,890,684 | $ - | $ - | $ 651,362 | $ 15,542,046 |
| Sales taxes | 71,708 | 2,434,640 | - | - | 2,506,348 |
| Insurance premium taxes | 951,390 | - | - | - | 951,390 |
| Other taxes | 170,566 | - | - | - | 170,566 |
| Licenses and permits | 162,499 | - | - | - | 162,499 |
| Intergovernmental | 1,253,800 | - | - | 675,895 | 1,929,695 |
| Charges for services | 1,511,306 | - | - | 972,026 | 2,483,332 |
| Fines and forfeitures | 479,756 | - | - | 91,462 | 571,218 |
| Interest income | 61,795 | 2,551 | 11,042 | 7,157 | 82,545 |
| Other revenues | 137,785 | - | - | 189,909 | 327,694 |
| Total revenues | 19,691,289 | 2,437,191 | 11,042 | 2,587,811 | 24,727,333 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| General government | 3,540,291 | - | - | 271,595 | 3,811,886 |
| Judicial | 1,150,220 | - | - | 15,119 | 1,165,339 |
| Public safety | 5,093,908 | - | - | 1,954,036 | 7,047,944 |
| Public works | 3,860,983 | - | - | 10,000 | 3,870,983 |
| Health and welfare | 429,484 | - | - | - | 429,484 |
| Culture and recreation | 318,874 | - | - | - | 318,874 |
| Conservation and development | 306,269 | - | - | 157,472 | 463,741 |
| Economic development | 14,926 | - | - | - | 14,926 |
| Intergovernmental | - | 1,023,970 | - | - | 1,023,970 |
| Capital outlay | - | 314,932 | 1,180,252 | - | 1,495,184 |
| Debt service: | | | | | |
| Principal | 1,067,534 | - | - | 117,067 | 1,184,601 |
| Interest | 85,308 | - | - | 10,461 | 95,769 |
| Total expenditures | 15,867,797 | 1,338,902 | 1,180,252 | 2,535,750 | 20,922,701 |
| Excess (deficiency) of revenues over (under) expenditures | 3,823,492 | 1,098,289 | (1,169,210) | 52,061 | 3,804,632 |
| **Other financing sources (uses)** | | | | | |
| Issuance of financed borrowings | 516,224 | - | - | - | 516,224 |
| Issuance of notes payable | 221,903 | - | - | - | 221,903 |
| Gain from sale of capital assets | 5,353 | - | - | - | 5,353 |
| Transfers in | 588,377 | - | - | 335,703 | 924,080 |
| Transfers out | (335,703) | - | - | - | (335,703) |
| Total other financing sources, net | 996,154 | - | - | 335,703 | 1,331,857 |
| Net change in fund balances | 4,819,646 | 1,098,289 | (1,169,210) | 387,764 | 5,136,489 |
| **Fund balances, beginning of year** | 11,431,408 | 1,901,519 | 2,042,673 | 1,622,305 | 16,997,905 |
| **Fund balances, end of year** | $ 16,251,054 | $ 2,999,808 | $ 873,463 | $ 2,010,069 | $ 22,134,394 |

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

# MITCHELL 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 in the statement of activities are different because:

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | $ | 5,136,489 |
| 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 exceeds depreciation in the current period. | | 339,065 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. | | (286,941) |
| The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, donations) is to decrease net position. | | (210,703) |
| 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. | | 667,989 |
| The internal service fund is used by management to charge the cost of employee health insurance to individual funds. The net revenue of the internal service fund is reported with governmental activities. | | (79,182) |
| 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. | | (423,770) |
| Change in net position - governmental activities | $ | 5,142,947 |

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

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
## GENERAL FUND
## FOR THE YEAR ENDED DECEMBER 31, 2020

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **Revenues** | | | | |
| Property taxes | $ 12,141,250 | $ 12,141,250 | $ 14,890,684 | $ 2,749,434 |
| Sales taxes | 120,500 | 120,500 | 71,708 | (48,792) |
| Insurance premium taxes | 907,400 | 907,400 | 951,390 | 43,990 |
| Other taxes | 130,000 | 130,000 | 170,566 | 40,566 |
| Licenses and permits | 63,500 | 63,500 | 162,499 | 98,999 |
| Intergovernmental | 1,718,150 | 1,718,150 | 1,253,800 | (464,350) |
| Charges for services | 1,752,500 | 1,752,500 | 1,511,306 | (241,194) |
| Fines and forfeitures | 419,000 | 419,000 | 479,756 | 60,756 |
| Interest revenue | 75,000 | 75,000 | 61,795 | (13,205) |
| Other revenues | 68,200 | 68,200 | 137,785 | 69,585 |
| Total revenues | 17,395,500 | 17,395,500 | 19,691,289 | 2,295,789 |
| **Expenditures** | | | | |
| **Current** | | | | |
| **General government:** | | | | |
| Board of commissioners | 80,600 | 66,000 | 48,235 | 17,765 |
| Board of registrars | 233,325 | 233,325 | 160,941 | 72,384 |
| Commissioners office | 483,575 | 483,575 | 470,503 | 13,072 |
| General government | 2,490,850 | 2,490,850 | 1,991,532 | 499,318 |
| Tax commissioner | 286,275 | 286,275 | 267,117 | 19,158 |
| Tax assessor | 332,700 | 332,700 | 295,295 | 37,405 |
| Courthouse/public buildings | 80,775 | 268,000 | 267,187 | 813 |
| Other services | 41,675 | 41,675 | 39,481 | 2,194 |
| Total general government | 4,029,775 | 4,202,400 | 3,540,291 | 662,109 |
| **Judicial:** | | | | |
| Superior court | 249,175 | 249,175 | 103,844 | 145,331 |
| Clerk of Superior court | 288,550 | 288,550 | 288,510 | 40 |
| Board of equalization | 4,500 | 4,500 | 1,940 | 2,560 |
| District attorney | 53,900 | 53,900 | 53,892 | 8 |
| State court | 209,350 | 209,350 | 174,437 | 34,913 |
| Magistrate court | 211,900 | 211,900 | 199,927 | 11,973 |
| Probate court | 150,325 | 150,325 | 148,558 | 1,767 |
| Juvenile court | 210,550 | 210,550 | 177,223 | 33,327 |
| Victims assistance | - | - | 1,889 | (1,889) |
| Total judicial | 1,378,250 | 1,378,250 | 1,150,220 | 228,030 |
| **Public safety:** | | | | |
| Sheriff | 3,304,400 | 3,304,400 | 2,704,527 | 599,873 |
| Corrections | 1,926,925 | 1,926,925 | 1,723,895 | 203,030 |
| Probation/community service | 146,025 | 146,025 | 146,137 | (112) |
| Volunteer fire association | - | - | 535 | (535) |
| Emergency medical services | 415,000 | 415,000 | 411,340 | 3,660 |
| Coroner | 45,800 | 45,800 | 39,340 | 6,460 |
| Animal control | 52,250 | 52,250 | 39,622 | 12,628 |
| Emergency management agency | 29,825 | 29,825 | 28,512 | 1,313 |
| Total public safety | 5,920,225 | 5,920,225 | 5,093,908 | 826,317 |

**(Continued)**

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
## GENERAL FUND
## FOR THE YEAR ENDED DECEMBER 31, 2020

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **Expenditures (Continued)** | | | | |
| **Current (Continued)** | | | | |
| **Public works:** | | | | |
| Public works | $ 3,480,025 | $ 3,480,025 | $ 3,360,170 | $ 119,855 |
| Landfill | 673,625 | 501,000 | 500,813 | 187 |
| Total public works | 4,153,650 | 3,981,025 | 3,860,983 | 120,042 |
| **Health and welfare:** | | | | |
| Health centers | 166,450 | 166,450 | 169,484 | (3,034) |
| Hospital | 250,000 | 250,000 | 250,000 | - |
| Public welfare | 10,000 | 10,000 | 10,000 | - |
| Total health and welfare | 426,450 | 426,450 | 429,484 | (3,034) |
| **Culture and Recreation** | | | | |
| Library | 40,000 | 40,000 | 42,426 | (2,426) |
| Recreation | 354,650 | 354,650 | 276,448 | 78,202 |
| Total culture and recreation | 394,650 | 394,650 | 318,874 | 75,776 |
| **Conservation and development:** | | | | |
| NRCS - conservation office | 35,400 | 35,400 | 35,924 | (524) |
| Extension service | 128,975 | 128,975 | 123,644 | 5,331 |
| Planning and zoning | 151,900 | 151,900 | 146,701 | 5,199 |
| Total conservation and development | 316,275 | 316,275 | 306,269 | 10,006 |
| **Economic development:** | | | | |
| Southwest Georgia Regional Commission | 16,000 | 16,000 | 14,926 | 1,074 |
| Total economic development | 16,000 | 16,000 | 14,926 | 1,074 |
| **Debt service:** | | | | |
| Principal | 970,000 | 970,000 | 1,067,534 | (97,534) |
| Interest | 55,225 | 55,225 | 85,308 | (30,083) |
| Total debt service | 1,025,225 | 1,025,225 | 1,152,842 | (127,617) |
| Total expenditures | 17,660,500 | 17,660,500 | 15,867,797 | 1,792,703 |
| Excess (deficiency) of revenues over (under) expenditures | (265,000) | (265,000) | 3,823,492 | 4,088,492 |
| **Other financing sources (uses)** | | | | |
| Issuance of financed borrowings | 312,000 | 312,000 | 516,224 | 204,224 |
| Issuance of notes payable | - | - | 221,903 | 221,903 |
| Proceeds from sale of capital assets | - | - | 5,353 | 5,353 |
| Transfers in | 164,000 | 164,000 | 588,377 | 424,377 |
| Transfers out | (352,325) | (352,325) | (335,703) | 16,622 |
| Total other financing sources (uses) | 123,675 | 123,675 | 996,154 | 872,479 |
| Net change in fund balances | (141,325) | (141,325) | 4,819,646 | 4,960,971 |
| **Fund balances, beginning of year** | 11,431,408 | 11,431,408 | 11,431,408 | - |
| **Fund balances, end of year** | $ 11,290,083 | $ 11,290,083 | $ 16,251,054 | $ 4,960,971 |

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF NET POSITION
## PROPRIETARY FUNDS
## DECEMBER 31, 2020

| | Water and Sewer System | Governmental Activities - Internal Service Fund | Totals |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | $ 80,000 | $ 35,354 | $ 115,354 |
| Accounts receivable | 39,413 | - | 39,413 |
| Total current assets | 119,413 | 35,354 | 154,767 |
| **NON-CURRENT ASSETS** | | | |
| Capital assets: | | | |
| Nondepreciable | 81,920 | - | 81,920 |
| Depreciable, net of accumulated depreciation | 1,878,771 | - | 1,878,771 |
| Total non-current assets | 1,960,691 | - | 1,960,691 |
| Total assets | 2,080,104 | 35,354 | 2,115,458 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Accounts payable | 25,040 | - | 25,040 |
| Claims payable | - | 144,787 | 144,787 |
| Current portion - notes payable | 39,140 | - | 39,140 |
| Total current liabilities | 64,180 | 144,787 | 208,967 |
| **NON-CURRENT LIABILITIES** | | | |
| Notes payable, net of current portion | 938,177 | - | 938,177 |
| Total non-current liabilities | 938,177 | - | 938,177 |
| Total liabilities | 1,002,357 | 144,787 | 1,147,144 |
| **NET POSITION (DEFICIT)** | | | |
| Net investment in capital assets | 983,374 | - | 983,374 |
| Unrestricted (deficit) | 94,373 | (109,433) | (15,060) |
| Total net position (deficit) | $ 1,077,747 | $ (109,433) | $ 968,314 |

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

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
## PROPRIETARY FUNDS
## FOR THE YEAR ENDED DECEMBER 31, 2020

| | Water and Sewer System | Governmental Activities - Internal Service Fund | Totals |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Charges for services | $ 719,756 | $ 1,232,107 | $ 1,951,863 |
| Total operating revenues | 719,756 | 1,232,107 | 1,951,863 |
| **OPERATING EXPENSES** | | | |
| Personal services | 1,526 | - | 1,526 |
| Cost of sales and services | 149,715 | - | 149,715 |
| Supplies | 203,123 | - | 203,123 |
| Claims | - | 1,311,289 | 1,311,289 |
| Depreciation | 80,722 | - | 80,722 |
| Total operating expenses | 435,086 | 1,311,289 | 1,746,375 |
| Operating income (loss) | 284,670 | (79,182) | 205,488 |
| **NON-OPERATING REVENUES (EXPENSES)** | | | |
| Intergovernmental | 394,046 | - | 394,046 |
| Interest expense | (8,714) | - | (8,714) |
| Total non-operating revenues, net | 385,332 | - | 385,332 |
| Income (loss) before transfers | 670,002 | (79,182) | 590,820 |
| **TRANSFERS** | | | |
| Transfers out | (588,377) | - | (588,377) |
| Total transfers | (588,377) | - | (588,377) |
| Change in net position | 81,625 | (79,182) | 2,443 |
| **NET POSITION (DEFICIT), beginning of year** | 996,122 | (30,251) | 965,871 |
| **NET POSITION (DEFICIT), end of year** | $ 1,077,747 | $ (109,433) | $ 968,314 |

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS
## PROPRIETARY FUNDS
## FOR THE YEAR ENDED DECEMBER 31, 2020

| | Water and Sewer System | Governmental Activities - Internal Service Fund | Totals |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers and users | $ 746,741 | $ 1,232,107 | $ 1,978,848 |
| Payments to suppliers | (414,861) | (1,308,836) | (1,723,697) |
| Payments to employees | (1,526) | - | (1,526) |
| Net cash provided by (used in) operating activities | 330,354 | (76,729) | 253,625 |
| **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES** | | | |
| Transfers out | (588,377) | - | (588,377) |
| Net cash (used in) non-capital financing activities | (588,377) | - | (588,377) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Acquisition and construction of capital assets | (201,558) | - | (201,558) |
| Intergovernmental revenue | 346,737 | - | 346,737 |
| Proceeds from notes payable | 201,558 | - | 201,558 |
| Interest paid | (8,714) | - | (8,714) |
| Net cash provided by capital and related financing activities | 338,023 | - | 338,023 |
| Increase (decrease) in cash and cash equivalents | 80,000 | (76,729) | 3,271 |
| **Cash and cash equivalents:** | | | |
| Beginning of year | - | 112,083 | 112,083 |
| End of year | $ 80,000 | $ 35,354 | $ 115,354 |
| **Reconciliation of operating income (loss) to net cash provided by operating activities** | | | |
| Operating income (loss) | $ 284,670 | $ (79,182) | $ 205,488 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 80,722 | - | 80,722 |
| Changes in assets and liabilities: | | | |
| Decrease in accounts receivable | 26,985 | - | 26,985 |
| Increase in accounts payable | 25,040 | - | 25,040 |
| (Decrease) in retainage payable | (87,063) | - | (87,063) |
| Increase in claims payable | - | 2,453 | 2,453 |
| Net cash provided by (used in) operating activities | $ 330,354 | $ (76,729) | $ 253,625 |
| **Noncash investing, capital, and financing activities:** | | | |
| Subsidy for capital asset construction from GEFA | $ 134,372 | $ - | $ - |

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

# MITCHELL COUNTY, GEORGIA

## STATEMENT OF FIDUCIARY NET POSITION
## CUSTODIAL FUNDS
## DECEMBER 31, 2020

| | Custodial Funds |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 459,693 |
| Taxes receivable | 2,723,254 |
| Total assets | 3,182,947 |
| **LIABILITIES** | |
| Due to others | 246,015 |
| Uncollected taxes | 2,723,254 |
| Total liabilities | 2,969,269 |
| **NET POSITION** | |
| Restricted: | |
| Individuals, organizations, and other governments | 213,678 |
| Total net position | $ 213,678 |

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

# MITCHELL COUNTY, GEORGIA

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

| | Custodial Funds |
|---|---|
| **ADDITIONS** | |
| Taxes | $ 57,923,510 |
| Fines and fees | 1,253,882 |
| Other custodial collections | 405,687 |
| Total additions | 59,583,079 |
| **DEDUCTIONS** | |
| Taxes paid to other governments | 57,923,510 |
| Other custodial disbursements | 1,607,147 |
| Total deductions | 59,530,657 |
| Change in fiduciary net position | 52,422 |
| **NET POSITION, beginning of year, restated** | 161,256 |
| **NET POSITION, end of year** | $ 213,678 |

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

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

### A. Reporting Entity

Mitchell County, Georgia, (the "County") operates under a County Commissioner-Administrator form of government and provides the following services to the citizens of Mitchell County: public safety (police and fire), public works, recreation, judicial services, health and welfare services, housing and development, and general administrative services.

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Mitchell 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 relationships with the County.

**Discretely Presented Component Unit**

The **Mitchell County Board of Health** (the "Health Department") provides health services to the citizens of the County. The Health Department is a legally separate entity. The County Commissioners appoint a voting majority of the Health Department. The County has the ability to impose its will on the Health Department in accordance with the Official Code of Georgia Annotated ("O.C.G.A.") § 31-3-14. The fiscal year-end of the component unit is June 30. Complete financial statements of the Mitchell County Health Department may be obtained from its administrative office at 88 W. Oakland Ave., Camilla, Georgia 31730.

**Blended Component Unit**

The **Mitchell County Development Authority** (the "Development Authority") is responsible for promoting industrial and commercial development within Mitchell County. The Development Authority is responsible for adopting its own annual budget and making its own operating decisions. A majority of the members of the governing board of the Development Authority are appointed by the County Commission. Additionally, the debt of the Development Authority is being repaid by the County. Separate financial statements for the Development Authority were not prepared.

## NOTE 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 non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

### C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of* accounting, as are the proprietary fund and the fiduciary fund financial statements. 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.

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

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

Property taxes, sales taxes, franchise taxes, licenses, investment income, Federal and State grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The ***General Fund*** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***2012-2017 Sales Tax Fund*** accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax ("SPLOST"). Funds are used for: road and drainage projects; public safety projects; economic development projects; and various City projects within Mitchell County.

The ***2018-2023 Sales Tax Fund*** accounts for the proceeds of a 1% SPLOST. Funds are used for: the retirement of general obligation debt; construction on roads, streets and bridges; public safety projects; and various City projects within Mitchell County.

The County reports the following major business-type fund:

The ***Water and Sewer System*** is an enterprise fund used to account for the provision of water services to the citizens of Mitchell County. Activities of the fund include water administration, operations, billing and collections.

The County reports the following internal service fund:

The ***Self-Insurance Health Benefit Fund*** is used to account for the self-insured health benefit plan provided for the employees of the County.

Additionally, the County reports the following fund types:

The ***special revenue funds*** account for revenue sources that are legally restricted or committed to expenditures for specific purposes.

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services provided. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

### D. Cash and Investments

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.

### E. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

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

### F. 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 columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. In prior years, interest incurred during the construction period of capital assets was included as part of the capitalized value of the assets constructed in the business-type activities. During the year ended, December 31, 2020, the County early implemented Governmental Accounting Standards Board (GASB) Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and is no longer capitalizing interest.

Depreciation is provided on the straight-line method over the following estimated useful lives:

| | |
|---|---|
| **Primary Government** | |
| Buildings and improvements | 20 years |
| Infrastructure | 50 years |
| Vehicles and equipment | 5 - 10 years |

### G. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is 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.

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

### H. Compensated Absences

The County's policy is to permit employees to accumulate earned but unused vacation as follows: 240 hours for all departments except, 252 hours for Sheriff's department, and 300 hours for the Correctional Institute employees. All compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

### I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of fund balance/net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any items that qualify for reporting in this category, other than the items related to the changes in the net pension liability which are discussed below.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of fund balance/net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to the items related to the changes in the net pension liability as discussed below, the County has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and other receivables, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

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

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

### J. 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 Mitchell County, Georgia Retirement Plan (the "Plan") and additions to/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.

### K. Fund Equity and Net Position

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/deferred outflows of resources and liabilities/deferred inflows of resources 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, 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 voting action of the County Commission through the adoption of a resolution. Only the County Commission may modify or rescind the commitment by passage of a subsequent ordinance.
- ***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 resolution, the County Commission has authorized the County Administrator to assign fund balances for particular purposes.

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

### K. Fund Equity and Net Position (Continued)

- ***Unassigned*** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances (or deficits in fund balances) may be reported in all funds when there are fund deficits after all other spendable forms of fund balance have been exhausted.

***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:

- Committed
- Assigned
- Unassigned

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

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Restrictions on the government-wide statement of net position represents amount segregated to meet debt covenants and capital projects as restricted by Federal and State laws.

### L. Management Estimates

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

## NOTE 2. 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 $6,126,520 difference are as follows:

| | |
|---|---|
| Financed purchases | $ (1,547,082) |
| Notes payable | (221,903) |
| Bonds payable | (995,000) |
| Compensated absences | (195,618) |
| Post-closure care costs | (3,166,917) |
| Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities* | $ (6,126,520) |

### 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 of 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 useful lives and reported as depreciation expense." The details of this $339,065 difference are as follows:

| | |
|---|---|
| Capital outlay | $ 1,676,354 |
| Depreciation expense | (1,337,289) |
| Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities* | $ 339,065 |

## 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 that reconciliation states that "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." The details of this $667,989 difference are as follows:

| | | |
|---|---|---|
| Principal payments - financed borrowings | $ | 492,112 |
| Principal payments - bonds payable | | 970,000 |
| Issuance of financed borrowings | | (516,224) |
| Issuance of notes payable | | (221,903) |
| Change in post-closure care liability | | (55,996) |
| Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities* | $ | 667,989 |

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 $423,770 difference are as follows:

| | | |
|---|---|---|
| Change in compensated absences | $ | 92 |
| Change in net pension and related deferred outflows of resources | | (423,862) |
| Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities* | $ | (423,770) |

## NOTE 3. LEGAL COMPLIANCE – BUDGETS

### A. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to year-end, the County Administrator submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted at the County Courthouse to obtain taxpayer comments.

3. Prior to January 1, the budget is legally enacted through approval by the Board of Commissioners.

4. The Board of Commissioners have the authority to amend the budget. An increase in appropriation in any fund for a department, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the Board of Commissioners. Transfers of appropriations in any fund among the various accounts within a department shall require only the approval of the budget officer.

5. Formal budgetary integration is employed as a measurement control device during the year for the General Fund and all Special Revenue Funds. Project-length budgets are adopted for capital projects funds.

6. The budget for the General Fund and the Special Revenue Funds are adopted on a basis consistent with GAAP and are presented in accordance with finance-related legal and contractual provisions.

The following General Fund departments had an excess of expenditures over budget: Victims assistance - $1,889; Probation/Community service - $112; Volunteer fire - $535; Heath centers - $3,034; Library - $2,426; NRCS conservation office - $524 and Debt service - $127,617. All over expenditures were covered by existing revenues. Budgeted amounts are as originally adopted on December 10, 2019, or as amended by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations.

### B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to assign or commit that portion of the applicable appropriation, is not utilized by the County.

## NOTE 4. CASH AND INVESTMENTS

**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 local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

At December 31, 2020, the County had the following investments:

| Fund | Investments | Maturities | Fair Value |
|---|---|---|---|
| Nonmajor governmental fund | Certificate of deposit | 363 days | $ 269,757 |
| General Fund | Certificate of deposit | 242 days | 245,098 |
| General Fund | Certificate of deposit | 211 days | 245,088 |
| Total Investments | | | $ 759,943 |

**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.** The County does not have a formal custodial credit risk policy. 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. At December 31, 2020, the deposits maintained by the County at one financial institution were undercollateralized by $5,883,248 as defined by GASB pronouncements and the State of Georgia. However, State law allows for a ten day grace period during which additional collateral can be pledged by the financial institutions. The financial institution pledged the additional required collateral during this time period.

## NOTE 5. RECEIVABLES

Receivables consisted of the following at December 31, 2020:

| | General | 2018-2023 Sales Tax Fund | Nonmajor Governmental Funds | Water and Sewer System | Total |
|---|---|---|---|---|---|
| Receivables: | | | | | |
| Taxes | $ 2,769,120 | $ - | $ 103,714 | $ - | $ 2,872,834 |
| Accounts | 58,474 | - | - | 39,413 | 97,887 |
| Notes | - | - | 4,843 | - | 4,843 |
| Interest | 3,561 | - | - | - | 3,561 |
| Due from other governments | - | 274,118 | - | - | 274,118 |
| Gross receivables | 2,831,155 | 274,118 | 108,557 | 39,413 | 3,253,243 |
| Less allowance for uncollectibles | (18,292) | - | - | - | (18,292) |
| Net total receivable | $ 2,812,863 | $ 274,118 | $ 108,557 | $ 39,413 | $ 3,234,951 |

Property taxes were levied on September 30, 2020, and payable on or before December 20, 2020. The County bills and collects its own property taxes. Property taxes levied for 2020 are recorded as receivables, net of estimated uncollectible accounts. The net receivables collected during the year ended December 31, 2020, and collected by February 28, 2021, are recognized as revenues in the year ended December 31, 2020. Net receivables estimated to be collected subsequent to February 29, 2021, are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. The County may place liens on property once the related tax payments become delinquent.

Notes receivable in the Revolving Loan Fund consist of loans to other entities for community development funded by the Department of Housing and Urban Development through the State of Georgia Department of Community Affairs.

## NOTE 6. CAPITAL ASSETS

The County's capital asset activity for the year ended December 31, 2020, is as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land and land improvements | $ 3,461,069 | $ - | $ - | $ - | $ 3,461,069 |
| Total capital assets, not being depreciated | 3,461,069 | - | - | - | 3,461,069 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 10,769,356 | - | - | - | 10,769,356 |
| Infrastructure | 18,271,115 | - | - | - | 18,271,115 |
| Vehicles and equipment | 14,292,706 | 1,676,354 | (844,013) | - | 15,125,047 |
| Total capital assets, being depreciated | 43,333,177 | 1,676,354 | (844,013) | - | 44,165,518 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (7,329,879) | (263,796) | - | - | (7,593,675) |
| Infrastructure | (9,758,944) | (338,375) | - | - | (10,097,319) |
| Vehicles and equipment | (10,527,109) | (735,118) | 633,310 | - | (10,628,917) |
| Total accumulated depreciation | (27,615,932) | (1,337,289) | 633,310 | - | (28,319,911) |
| Total capital assets, being depreciated, net | 15,717,245 | 339,065 | (210,703) | - | 15,845,607 |
| Governmental activities capital assets, net | $ 19,178,314 | $ 339,065 | $ (210,703) | $ - | $ 19,306,676 |

The beginning balance of vehicles and equipment has been adjusted by $574,265 to properly account for a vehicle acquired under a financed purchase agreement in the prior year. See Note 7 for further discussion on the financed purchase agreement.

## NOTE 6. CAPITAL ASSETS (CONTINUED)

`

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Business-type activities** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 81,920 | $ - | $ - | $ - | $ 81,920 |
| Construction in progress | 1,292,933 | 335,930 | - | (1,628,863) | - |
| Total capital assets, not being depreciated | 1,374,853 | 335,930 | - | (1,628,863) | 81,920 |
| Capital assets, being depreciated: | | | | | |
| Building and improvements | 1,522,823 | - | - | - | 1,522,823 |
| Infrastructure | 721,301 | - | - | 1,628,863 | 2,350,164 |
| Vehicles and equipment | 29,983 | - | - | - | 29,983 |
| Total | 2,274,107 | - | - | 1,628,863 | 3,902,970 |
| Less accumulated depreciation for: | | | | | |
| Building and improvements | (1,321,206) | (28,272) | - | - | (1,349,478) |
| Infrastructure | (592,288) | (52,450) | - | - | (644,738) |
| Vehicles and equipment | (29,983) | - | - | - | (29,983) |
| Total | (1,943,477) | (80,722) | - | - | (2,024,199) |
| Total capital assets, being depreciated, net | 330,630 | (80,722) | - | 1,628,863 | 1,878,771 |
| Business-type activities capital assets, net | $ 1,705,483 | $ 255,208 | $ - | $ - | $ 1,960,691 |

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 41,322 |
| Judicial | 8,754 |
| Public safety | 715,834 |
| Public works | 542,620 |
| Recreation | 12,261 |
| Housing and development | 16,498 |
| Total depreciation expense - governmental activities | $ 1,337,289 |
| | |
| Business-type activities: | |
| Water and Sewer System Fund | $ 80,722 |
| Total depreciation expense - business-type activities | $ 80,722 |

## NOTE 7. LONG-TERM DEBT

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Financed purchases from direct borrowings | $ 1,522,970 | $ 516,224 | $ (492,112) | $ 1,547,082 | $ 312,164 |
| Notes payable | - | 221,903 | - | 221,903 | 55,476 |
| Bonds payable | 1,965,000 | - | (970,000) | 995,000 | 995,000 |
| Compensated absences | 195,710 | 156,356 | (156,448) | 195,618 | 156,494 |
| Landfill post-closure care costs | 3,110,921 | 93,542 | (37,546) | 3,166,917 | - |
| Net pension liability | 2,912,271 | 1,368,065 | (1,773,843) | 2,506,493 | - |
| Governmental activities long-term liabilities | $ 9,706,872 | $ 2,356,090 | $ (3,429,949) | $ 8,633,013 | $ 1,519,134 |
| **Business-type activities:** | | | | | |
| Notes payable from direct borrowings | $ 775,759 | $ 201,558 | $ - | $ 977,317 | $ 39,140 |
| Business-type activities long-term liabilities | $ 775,759 | $ 201,558 | $ - | $ 977,317 | $ 39,140 |

The beginning balance of financed purchases from direct borrowings has been increased by $574,265 to properly account for equipment acquired through a financed purchase in the prior year but inadvertedly excluded from long-term debt. The restatement has no net effect on beginning net position as an adjustment to the beginning balance of capital assets was made in the same amount.

Included in reductions of financed purchases from direct borrowings is $277,511 related to the termination of two equipment leases during the current year.

For governmental activities, compensated absences are liquidated by the General Fund and E911 Fund. The net pension liability is liquidated by the General Fund.

**Notes Payable From Direct Borrowings.** On June 12, 2018, the County entered into a contract with the Georgia Environmental Finance Authority for a Clean Water State Revolving Loan to provide financing to rehabilitate components of the wastewater treatment plant and the land application system, and related appurtenances. The unpaid principal amount of the note will bear interest at 2.25%, which includes principal forgiveness of up to 40% of the amount of the loan if all funds are drawn, and will be payable monthly until the project is completed. At that time, the note will be finalized and will enter into its repayment phase. As of December 31, 2020, the County had made draws totaling $1,628,863 on this note payable to GEFA, with $651,546 of that amount forgiven.

## NOTE 7. LONG-TERM DEBT (CONTINUED)

The total proceeds for this loan were $201,558 during the year ended December 31, 2020. The loan balance as of December 31, 2020 is $977,317. The loan is to be repaid over a 20-year period on a monthly basis beginning January 1, 2021.

The following is a schedule of annual principal and interest payments to maturity for the GEFA loan as of December 31, 2020:

| Year ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 39,140 | $ 21,588 | $ 60,728 |
| 2022 | 40,030 | 20,698 | 60,728 |
| 2023 | 40,940 | 19,788 | 60,728 |
| 2024 | 41,870 | 18,858 | 60,728 |
| 2025 | 42,822 | 17,906 | 60,728 |
| 2026-2030 | 229,164 | 74,474 | 303,638 |
| 2031-2035 | 256,424 | 47,214 | 303,638 |
| 2036-2040 | 286,927 | 16,614 | 303,541 |
| | $ 977,317 | $ 237,140 | $ 1,214,457 |

On August 12, 2020, the County entered into a contract with John Deere to purchase three ROW tractors with a sales price of $260,583. The amount financed was $221,903, at 0% interest to be paid in four annual installments beginning August 2021. As of December 31, 2020, the balance of the notes payable was $221,903. The following is a schedule of annual principal payments as of December 31, 2020:

| Year ending December 31, | Principal |
|---|---|
| 2021 | $ 55,476 |
| 2022 | 55,476 |
| 2023 | 55,476 |
| 2024 | 55,475 |
| | $ 221,903 |

**Financed Purchases From Direct Borrowings.** The County has entered into purchase agreements for financing the acquisition of equipment at various interest rates and maturity dates. Annual principal and interest payments are required until maturity.

The original cost of the County's assets acquired under purchase agreements at December 31, 2020 is $2,093,451 with $432,211 of accumulated depreciation as of year-end. Current year depreciation expense on these assets for the year ended December 31, 2020 was $182,430.

## NOTE 7. LONG-TERM DEBT (CONTINUED)

**Financed Purchases From Direct Borrowings (Continued).** The following is a schedule of future minimum payments as of December 31, 2020:

| Year ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 312,164 | $ 32,363 | $ 344,527 |
| 2022 | 487,661 | 29,631 | 517,292 |
| 2023 | 562,357 | 10,983 | 573,340 |
| 2024 | 109,025 | 978 | 110,003 |
| 2025 | 75,875 | - | 75,875 |
| | $ 1,547,082 | $ 73,955 | $ 1,621,037 |

**Revenue Bonds.** During the year ended December 31, 2006, the County entered into an agreement with the Development Authority, a component unit, for the issuance of bonds in the amount of $10,000,000 to First United Ethanol, LLC ("FUEL"). Under the agreement, the Development Authority was authorized to issue revenue bonds bearing rates of interest and maturities determined by the Development Authority to finance projects consistent with the powers and purposes of the agreement. Such bonds thus issued, were to be paid first from the income of the Development Authority. In the event such income was not sufficient to pay the principal and interest of such bonds, as they mature, then the Commissioners of the County were authorized and required to provide the additional funds necessary to make such payment, and for this purpose the Commissioners were authorized to levy an annual tax on all taxable property within the County, provided such tax shall not exceed five mills. During the year ended December 31, 2010, FUEL, the original borrower of the bonds, entered into bankruptcy proceedings and the bonds became the responsibility of the County pursuant to the contract between the County and the County Development Authority. During the year ended December 31, 2015, the County refinanced the bonds to accrue interest at 2.810% with payments beginning June 1, 2015. The County will experience a decrease in interest expense of $1,444,039 as a result of the refinancing.

Revenue bonds debt service requirements to maturity are as follows as of December 31, 2020:

| Year ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 995,000 | $ 27,960 | $ 1,022,960 |

## NOTE 7. LONG-TERM DEBT (CONTINUED)

**Landfill Postclosure Care Cost.** Mitchell County, Georgia has closed its landfill and placed a final cover on the landfill in accordance with State and Federal laws and regulations. In addition, State and Federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for 30 years after closure.

Although the post-closure care costs will be paid when the services are performed, the County reports a liability of $3,166,917 at December 31, 2020. This amount represents the cumulative amount of landfill post-closure cost based on 100% of the capacity of the landfill. The County has no assets restricted for payment of post-closure care cost. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

## NOTE 8. SHORT-TERM DEBT – REVOLVING LINE OF CREDIT

The County has a revolving line of credit to use for financing a variety of public projects, including financing general operations during periods of uneven property and sales tax collections. The County did not use the line of credit during the year ended December 31, 2020.

## NOTE 9. CONDUIT DEBT

On December 1, 2018, the Development Authority issued Series 2018 taxable revenue bonds to provide proceeds of which will be used to finance the acquisition, equipping and installation of a solar energy facility to be located in Camilla, Georgia. The bonds are secured by an Indenture of Trust between the Issuer and the Trustee, under the terms of which the Issuers interest in the lease and the rents, revenues and receipts to be derived by the Issuer under the lease will be assigned and pledged to the Trustee as security for the payment of the bonds. The Development Authority is not obligated in any manner for repayment of the bonds. The bonds bear an interest rate of 4.0% with interest payments due on December 1 of each year, and final payment of principal and interest due on December 31, 2035. The outstanding balance as of December 31, 2020 is $170,000,000.

On March 1, 2019, the Development Authority issued Series 2019 taxable revenue bonds to finance the acquisition, equipping and installation of a solar energy facility to be located in Camilla, Georgia. The bonds are secured by an Indenture of Trust between the Issuer and the Trustee, under the terms of which the Issuer's interest in the lease and the rents, revenues and receipts to be derived by the Issuer under the lease will be assigned and pledged to the Trustee as security for the payment of the bonds. The Development Authority is not obligated in any manner for repayment of the bonds. The bonds bear an interest rate of 4.0% with interest payments due on March 1 of each year, and final payment of principal and interest due on December 31, 2036. The outstanding balance as of December 31, 2020 is $46,330,500.

## NOTE 9. CONDUIT DEBT (CONTINUED)

On April 1, 2020, the Development Authority issued Series 2020 taxable revenue bonds for the purpose of acquiring one or more multi-megawatt solar photovoltaic electrical generating equipment installations and/or interests therein consisting of the photovoltaic panels, racking systems, inverters, breakers, switches, cabling, power transformers, monitoring and control equipment and systems, energy storage facilities and equipment, equipment and facilities connecting the electrical generation equipment to the designated substation or substations, as well as telecommunications equipment and associated materials and equipment to be installed on a tract of real property located within Mitchell County, Georgia. The Development Authority is not obligated in any manner for repayment of the bonds. The bonds bear an interest rate of 6.0% with interest payments due on July 1 of each year, and final payment of principal and interest due on July 1, 2038. The outstanding balance as of December 31, 2020 is $3,454,296.

## NOTE 10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund receivables and payables as of December 31, 2020 is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Nonmajor Governmental Funds | $ 10,892 |

The purpose of interfund receivables and payables is to meet temporary cash flow requirements which result in timing differences between receiving and recognizing certain revenues.

Interfund transfers for the year ended December 31, 2020, consisted of the following amounts:

| | Transfer From | | |
|---|---|---|---|
| Transfer To | General Fund | Water and Sewer System Fund | Total |
| General Fund | $ - | $ 588,377 | $ 588,377 |
| Nonmajor Governmental Funds | 335,703 | - | 335,703 |
| Total | $ 335,703 | $ 588,377 | $ 924,080 |

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

## NOTE 11. RETIREMENT PLANS

### Defined Benefit Plan

#### Plan Description

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, the Mitchell County Defined Benefit Plan (the "Plan"), covering substantially all of the County's employees. The County's pension plan is administered through the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the "ACCG Plan"), an agent multiple-employer pension plan administered by GEBCorp and affiliated with the Association of County Commissioners of Georgia ("ACCG"). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Plan benefits are provided for plan participants who were participants in the Plan before January 1, 2004, whereby retirees receive between 1% and 1.75% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. Plan benefits are provided for plan participants who were participants in the Plan on or after January 1, 2004, whereby retirees receive 1% multiplied by the average of the highest five consecutive years of earnings multiplied by the total credited years of service. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at www.gebcorp.com or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

#### Plan Membership

As of January 1, 2020, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

| | |
|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 82 |
| Inactive plan members entitled to but not receiving benefits | 68 |
| Active plan members | 119 |
| | 269 |

## NOTE 11. RETIREMENT PLANS (CONTINUED)

### Defined Benefit Plan (Continued)

#### Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of the ACCG Plan 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 Commission, 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. No contributions are made by plan participants. For the year ended December 31, 2020, the County's contribution rate was 13.7% of annual payroll. County contributions to the Plan were $420,826 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 | 2.00% |
| Investment rate of return | 7.00%, net of pension plan investment expense, including inflation |
| Salary increases | 4.00% per year with an aged base scale, 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 Table with Scale AA projection to year 2019.

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

## NOTE 11. RETIREMENT PLANS (CONTINUED)

### Defined Benefit Plan (Continued)

#### Net Pension Liability of the County (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, 2020, are summarized in the following table:

| Asset class | Target Allocation | Long-term expected real rate of return* |
|---|---|---|
| Fixed income | 30 % | 6.10 % |
| Large Cap equity | 30 | 9.07 |
| International equity | 15 | 5.01 |
| Other equity | 20 | 8.62 |
| Real estate | 5 | 10.62 |
| | 100 % | |

* Rates shown are net of the 2.00% assumed rate of inflation

*Discount Rate*. The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made based on the average County contribution made to the Plan over the prior five years. Based on this assumption, 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. As of December 31, 2019, the expected long-term rate of return was 7.00%.

## NOTE 11. RETIREMENT PLANS (CONTINUED)

### Defined Benefit Plan (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 (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|---|---|---|
| Balances at December 31, 2019 | $ 9,582,037 | $ 6,669,766 | $ 2,912,271 |
| Changes for the year: | | | |
| Service cost | 158,283 | - | 158,283 |
| Interest | 647,725 | - | 647,725 |
| Liability experience (gain)/loss | 32,751 | - | 32,751 |
| Assumption change | 447,223 | - | 447,223 |
| Contributions - employer | - | 420,826 | (420,826) |
| Contributions - employee | - | - | - |
| Net investment income | - | 1,353,017 | (1,353,017) |
| Benefit payments, including refunds of employee contributions | (657,669) | (657,669) | - |
| Administrative expense | - | (33,586) | 33,586 |
| Other charges | - | (48,497) | 48,497 |
| Net changes | 628,313 | 1,034,091 | (405,778) |
| Balances at December 31, 2020 | $ 10,210,350 | $ 7,703,857 | $ 2,506,493 |

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.

*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%, 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%) or 1-percentage-point higher (8%) than the current rate.

| | 1% Decrease (6%) | Current Discount Rate (7%) | 1% Increase (8%) |
|---|---|---|---|
| County's net pension liability | $ 3,829,260 | $ 2,506,493 | $ 1,399,574 |

## NOTE 11. RETIREMENT PLANS (CONTINUED)

### Defined Benefit Plan (Continued)

#### Net Pension Liability of the County (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2019, and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2020, the County recognized pension expense of $929,808. At December 31, 2020, the County reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Net difference between projected and actual earnings on pension plan investments | $ - | $ 389,147 |
| Changes in assumptions | 457,301 | - |
| Differences between expected and actual experience of economic/demographic (gains)/losses | 96,223 | - |
| Contributions subsequent to the measurement date | 420,826 | - |
| | $ 974,350 | $ 389,147 |

County contributions subsequent to the measurement date of $420,826 will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending December 31, | |
|---|---|
| 2021 | $ 263,561 |
| 2022 | 69,858 |
| 2023 | 6,427 |
| 2024 | (175,469) |
| Total | $ 164,377 |

## NOTE 12. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in the "ACCG" Group Self-Insurance Workers' Compensation Fund and the Interlocal Risk Management Agency Property and Liability Insurance 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.

Settled claims in the past three years have not exceeded the coverages.

The County maintains a self-insured medical benefit plan for their employees. The Plan is accounted for as an internal service fund of the County, is funded according to Plan experience, and serves to reduce overall healthcare costs of the County employees. The County purchases specific and aggregate stop loss insurance coverage to protect itself in unusual circumstances. Claims payable at December 31, 2020, were estimated based on the loss analysis report provided by a third-party administrator and pending specific stop loss reimbursements.

Changes in medical claims payable for the years ended December 31, 2020 and 2019 are as follows:

| | **2020** | 2019 |
|---|---|---|
| Unpaid claims, beginning of fiscal year | **$ 142,334** | $ 99,975 |
| Incurred claims and changes in estimates | **1,311,289** | 1,334,646 |
| Claim payments | **(1,308,836)** | (1,292,287) |
| Unpaid claims, end of fiscal year | **$ 144,787** | $ 142,334 |

## NOTE 13. COMMITMENTS AND CONTINGENCIES

### Litigation

The County is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits vary considerably. 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.

### Grant Contingencies

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

## NOTE 14. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the fourteen-county Georgia region, is a member of the Southwest Georgia Regional Commission ("SGRC") and is required to pay annual dues thereto. During the year ended December 31, 2020, the County paid $14,926 in such dues. Membership in a Regional Commission is required by the O.C.G.A. § 50-8-34 which provides for the organizational structure of the RC's in Georgia. The SGRC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. § 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the Southwest Georgia Regional Commission, 30 West Broad Street, Camilla, Georgia 31730.

## NOTE 15. DEFICIT NET POSITION

The Self-Insurance Health Benefit Fund reported deficit net position of $109,433 at December 31, 2020. The Self-Insurance Health Benefit Fund deficit is intended to be eliminated through increased user charges and transfers from the General Fund.

## NOTE 16. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (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.

| | Fiduciary Activities |
|---|---|
| Beginning Net Position, custodial activities, as previously reported | $ - |
| Recognition of the beginning net position of the former Agency Funds now reported as Custodial Funds | 161,256 |
| Beginning Net Position, custodial activities, as restated | $ 161,256 |

# MITCHELL 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 | **$ 158,283** | $ 131,421 | $ 113,194 | $ 102,448 | $ 87,534 |
| Interest on total pension liability | **647,725** | 625,863 | 577,441 | 543,144 | 501,347 |
| Differences between expected and actual experience | **32,751** | 199,373 | 160,269 | 229,437 | 82,994 |
| Changes of assumptions | **447,223** | 438,117 | 17,559 | 238,652 | 257,519 |
| Benefit payments, including refunds of employee contributions | **(657,669)** | (445,334) | (401,153) | (380,638) | (363,530) |
| **Net change in total pension liability** | **628,313** | 949,440 | 467,310 | 733,043 | 565,864 |
| **Total pension liability - beginning** | **9,582,037** | 8,632,597 | 8,165,287 | 7,432,244 | 6,866,380 |
| **Total pension liability - ending (a)** | **10,210,350** | 9,582,037 | 8,632,597 | 8,165,287 | 7,432,244 |
| **Plan fiduciary net position** | | | | | |
| Contributions - employer | **420,826** | 335,706 | 350,996 | 319,771 | 257,605 |
| Net investment income | **1,353,017** | (319,721) | 985,580 | 432,042 | 49,265 |
| Benefit payments, including refunds of employee contributions | **(657,669)** | (399,700) | (401,153) | (380,638) | (363,530) |
| Administrative expenses | **(33,586)** | (19,907) | (16,588) | (19,494) | (15,969) |
| Other | **(48,497)** | (81,452) | (74,912) | (42,376) | (53,580) |
| **Net change in plan fiduciary net position** | **1,034,091** | (485,074) | 843,923 | 309,305 | (126,209) |
| **Plan fiduciary net position - beginning** | **6,669,766** | 7,154,840 | 6,310,917 | 6,001,612 | 6,127,821 |
| **Plan fiduciary net position - ending (b)** | **7,703,857** | 6,669,766 | 7,154,840 | 6,310,917 | 6,001,612 |
| **County's net pension liability - ending (a) - (b)** | **$ 2,506,493** | $ 2,912,271 | $ 1,477,757 | $ 1,854,370 | $ 1,430,632 |
| **Plan fiduciary net position as a percentage of the total pension liability** | **75.5%** | 69.6% | 82.9% | 77.3% | 80.8% |
| **Covered payroll** | **$ 3,102,299** | $ 3,017,441 | $ 2,722,310 | $ 2,573,180 | $ 2,468,845 |
| **County's net pension liability as a percentage of covered payroll** | **80.8%** | 96.5% | 54.3% | 72.1% | 57.9% |

**Notes to the Schedule**
The schedule will present 10 years of information once it is accumulated.

# MITCHELL COUNTY, GEORGIA

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

| | **2020** | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Actuarially determined contribution | **$ 420,826** | $ 335,706 | **$** 350,996 | $ 350,996 | $ 319,771 |
| Contributions in relation to the actuarially determined contribution | **420,826** | 335,706 | 350,996 | 319,771 | 257,605 |
| **Contribution deficiency (excess)** | **$ -** | $ - | **$** - | $ 31,225 | $ 62,166 |
| **Covered payroll** | **$ 3,078,284** | $ 3,102,299 | **$** 3,017,441 | $ 2,722,310 | $ 2,573,180 |
| Contributions as a percentage of covered payroll | **13.7%** | 10.8% | 11.6% | 11.7% | 10.0% |

# NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditure for particular purposes.

**Drug Abuse Education and Treatment Fund** is used to account for the collection of additional penalties for certain drug related crimes, donations related to drug education, and for expenditure of those funds solely and exclusively restricted for drug abuse treatment and education programs relating to controlled substances and marijuana. (O.C.G.A. §15-21-100).

**Jail Fund** is used to account for revenues collected by the imposition of a 10% add-on fine as provided for by the Georgia Jail Construction and Staffing Act.

**Law Library Fund** is used to account for the resources received from the various courts of Mitchell County and disbursements for the support of a centralized law library.

**CDBG Fund** is used to account for the activities related to the Community Development Block Grant.

**Jail Commissary Fund** is used to account for the proceeds from jail inmate commissary sales.

**E-911 Fund** is used to account for the County's emergency communications operations by providing an open channel between citizens and public safety providers.

**Confiscated Assets Fund** is used to account for activities related to drug raids.

**Tornado Relief Fund** is used to account for the County's activities related to grants received and relief provided for the 2009 tornado.

**Mitchell County Development Authority** is used to account for the County's activities related to economic and development projects.

**Fire District Fund** is used to account for funds received from property taxes restricted for expenditures for fire districts.

**Revolving Loan Fund** is a special revenue fund used to account for the operations of the County's revolving loans. Original funding was provided by the Department of Housing and Urban Development through the State of Georgia Department of Community Affairs.

**Coronavirus Relief Fund** is a special revenue fund used to cover expenses incurred due to the public health emergency with respect to the coronavirus disease 2019 (COVID-19). Original funding was provided by the Department of Treasury through the Georgia Governor's Office of Planning and Budget.

# MITCHELL COUNTY, GEORGIA

## COMBINING BALANCE SHEET
## NONMAJOR GOVERNMENTAL FUNDS
## DECEMBER 31, 2020

| | Special Revenue Funds | | | | | |
|---|---|---|---|---|---|---|
| ASSETS | Drug Abuse Education and Treatment Fund | Jail Fund | Law Library Fund | CDBG Fund | Jail Commissary Fund | E-911 Fund |
| Cash and cash equivalents | $ 20,754 | $ 102,440 | $ 20,189 | $ - | $ 648,509 | $ - |
| Investments | - | - | - | - | - | - |
| Taxes receivable | - | - | - | - | - | - |
| Notes receivable | - | - | - | - | - | - |
| Total assets | $ 20,754 | $ 102,440 | $ 20,189 | $ - | $ 648,509 | $ - |
| **LIABILITIES AND FUND BALANCES** | | | | | | |
| **LIABILITIES** | | | | | | |
| Due to other funds | $ - | $ - | $ - | $ - | $ - | $ - |
| Total liabilities | - | - | - | - | - | - |
| **FUND BALANCES** | | | | | | |
| Nonspendable: | | | | | | |
| Long-term receivable | - | - | - | - | - | - |
| Restricted for: | | | | | | |
| Judicial | - | - | 20,189 | - | - | - |
| Public safety | 20,754 | 102,440 | - | - | - | - |
| Economic development | - | - | - | - | - | - |
| Committed for: | | | | | | |
| Public safety | - | - | - | - | 648,509 | - |
| Housing and development | - | - | - | - | - | - |
| Total fund balances | 20,754 | 102,440 | 20,189 | - | 648,509 | - |
| Total liabilities and fund balances | $ 20,754 | $ 102,440 | $ 20,189 | $ - | $ 648,509 | $ - |

| Special Revenue Funds | | | | | | |
|---|---|---|---|---|---|---|
| Confiscated Assets Fund | Tornado Relief Fund | Mitchell County Development Authority | Fire District Fund | Revolving Loan Fund | Coronavirus Relief Fund | Totals |
| $ 18,433 | $ - | $ 444,031 | $ 377,867 | $ 10,424 | $ - | $ 1,642,647 |
| - | - | 269,757 | - | - | - | 269,757 |
| - | - | - | 103,714 | - | - | 103,714 |
| - | - | - | - | 4,843 | - | 4,843 |
| $ 18,433 | $ - | $ 713,788 | $ 481,581 | $ 15,267 | $ - | $ 2,020,961 |
| $ - | $ - | $ - | $ 10,892 | $ - | $ - | $ 10,892 |
| - | - | - | 10,892 | - | - | 10,892 |
| - | - | - | - | 4,843 | - | 4,843 |
| - | - | - | - | - | - | 20,189 |
| 18,433 | - | - | 470,689 | - | - | 612,316 |
| - | - | - | - | 10,424 | - | 10,424 |
| - | - | - | - | - | - | 648,509 |
| - | - | 713,788 | - | - | - | 713,788 |
| 18,433 | - | 713,788 | 470,689 | 15,267 | - | 2,010,069 |
| $ 18,433 | $ - | $ 713,788 | $ 481,581 | $ 15,267 | $ - | $ 2,020,961 |

# MITCHELL COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2020

| | Special Revenue Funds | | | | | |
|---|---|---|---|---|---|---|
| | Drug Abuse Education and Treatment Fund | Jail Fund | Law Library Fund | CDBG Fund | Jail Commissary Fund | E-911 Fund |
| **Revenues** | | | | | | |
| Property taxes | $ - | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | - | - | - | 10,000 | - | - |
| Charges for services | - | - | - | - | 617,660 | 354,366 |
| Fines and forfeitures | 8,221 | 66,063 | 14,969 | - | - | - |
| Interest revenue | - | 91 | 22 | - | - | 494 |
| Other revenues | - | - | - | - | - | - |
| Total revenues | 8,221 | 66,154 | 14,991 | 10,000 | 617,660 | 354,860 |
| **Expenditures** | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Judicial | - | - | 15,119 | - | - | - |
| Public safety | 13,512 | - | - | - | 466,583 | 577,940 |
| Public works | - | - | - | 10,000 | - | - |
| Housing and development | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Total expenditures | 13,512 | - | 15,119 | 10,000 | 466,583 | 577,940 |
| Excess (deficiency) of revenues over (under) expenditures | (5,291) | 66,154 | (128) | - | 151,077 | (223,080) |
| **Other financing sources** | | | | | | |
| Transfers in | - | - | - | - | - | 223,080 |
| Total other financing sources | - | - | - | - | - | 223,080 |
| Net change in fund balances | (5,291) | 66,154 | (128) | - | 151,077 | - |
| **Fund balances, beginning of year** | 26,045 | 36,286 | 20,317 | - | 497,432 | - |
| **Fund balances, end of year** | $ 20,754 | $ 102,440 | $ 20,189 | $ - | $ 648,509 | $ - |

| Special Revenue Funds | | | | | | |
|---|---|---|---|---|---|---|
| Confiscated Assets Fund | Tornado Relief Fund | Mitchell County Development Authority | Fire District Fund | Revolving Loan Fund | Coronavirus Relief Fund | Totals |
| $ - | $ - | $ - | $ 651,362 | $ - | $ - | $ 651,362 |
| - | - | 28,510 | - | - | 637,385 | 675,895 |
| - | - | - | - | - | - | 972,026 |
| 2,209 | - | - | - | - | - | 91,462 |
| 49 | 27 | 5,461 | 413 | 600 | - | 7,157 |
| - | - | 189,909 | - | - | - | 189,909 |
| 2,258 | 27 | 223,880 | 651,775 | 600 | 637,385 | 2,587,811 |
| | | | | | | |
| - | 47,450 | - | - | - | 224,145 | 271,595 |
| - | - | - | - | - | - | 15,119 |
| - | - | - | 482,761 | - | 413,240 | 1,954,036 |
| - | - | - | - | - | - | 10,000 |
| - | - | 133,472 | - | 24,000 | - | 157,472 |
| - | - | - | 117,067 | - | - | 117,067 |
| - | - | - | 10,461 | - | - | 10,461 |
| - | 47,450 | 133,472 | 610,289 | 24,000 | 637,385 | 2,535,750 |
| 2,258 | (47,423) | 90,408 | 41,486 | (23,400) | - | 52,061 |
| - | - | 112,623 | - | - | - | 335,703 |
| - | - | 112,623 | - | - | - | 335,703 |
| 2,258 | (47,423) | 203,031 | 41,486 | (23,400) | - | 387,764 |
| 16,175 | 47,423 | 510,757 | 429,203 | 38,667 | - | 1,622,305 |
| $ 18,433 | $ - | $ 713,788 | $ 470,689 | $ 15,267 | $ - | $ 2,010,069 |

# MITCHELL COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED DECEMBER 31, 2020

| Project Description | Original and Current Estimated Costs | Expenditures | | |
|---|---|---|---|---|
| | | Prior Years | Current Year | Total |
| **2012 REFERENDUM** | | | | |
| Road, Street and Bridge Construction or Improvement | $ 7,187,766 | $ 4,962,926 | $ 772,047 | $ 5,734,973 |
| Ambulance Purchase | 900,000 | - | 408,205 | 408,205 |
| Narrow-Banding Projects | 245,000 | 208,900 | - | 208,900 |
| Desota Trail Library Project | 47,222 | 47,222 | - | 47,222 |
| Hand Trading Company Project | 105,000 | 94,500 | - | 94,500 |
| City of Pelham Projects | 2,406,357 | 2,149,461 | - | 2,149,461 |
| City of Sale City Projects | 185,642 | 138,619 | - | 138,619 |
| City of Camilla Projects | 3,300,000 | 2,935,466 | - | 2,935,466 |
| City of Baconton Projects | 467,592 | 415,939 | - | 415,939 |
| City of Meigs Projects | 13,413 | - | - | - |
| Totals | $ 14,857,992 | $ 10,953,033 | $ 1,180,252 | $ 12,133,285 |

# MITCHELL COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED DECEMBER 31, 2020

| Project Description | Original and Current Estimated Costs | Expenditures | | |
|---|---|---|---|---|
| | | Prior Years | Current Year | Total |
| **2018 REFERENDUM** | | | | |
| Road, Street and Bridge Construction or Improvement | $ 5,729,392 | $ - | $ - | $ - |
| Courthouse Annex - Tier 1 | 800,000 | 91,640 | - | 91,640 |
| Hand Trading Co. Debt | 660,000 | 416,400 | - | 416,400 |
| Correctional Institute | 100,000 | - | - | - |
| Sheriff's Vehicles and Equipment | 480,000 | 155,033 | 60,046 | 215,079 |
| E-911 Equipment | 750,000 | 351,681 | 254,886 | 606,567 |
| City of Pelham Projects | 2,332,031 | 806,199 | 376,801 | 1,183,000 |
| City of Sale City Projects | 227,340 | 62,734 | 36,734 | 99,468 |
| City of Camilla Projects | 3,206,692 | 931,033 | 518,128 | 1,449,161 |
| City of Baconton Projects | 547,411 | 27,269 | 88,248 | 115,517 |
| City of Meigs Projects | 25,127 | 7,270 | 4,059 | 11,329 |
| Totals | $ 14,857,993 | $ 2,849,259 | $ 1,338,902 | $ 4,188,161 |

# CUSTODIAL FUNDS

**Tax Commissioner** – This fund is used to account for all real, personal and intangible taxes collected and forwarded to the County and other government units.

**Jail Inmate Fund** – This fund accounts for jail inmate funds while in custody, and for the purchase of items from the Jail Commissary and related activities on behalf of inmates and the correctional institution.

**Criminal Justice Coordinating Council Grant Fund** – This fund collects and distributes the Criminal Justice Coordinating Council grant funds on the behalf of other counties.

The following custodial funds are used to account for fines, fees and other monies collected by the courts and Sheriff's Office and remitted to other parties in accordance with court orders and state law:

**Clerk of Superior Court**
**Probate Court**
**Sheriff's Office**
**Probation Office**
**Magistrate Court**
**Tax Assessor**

# MITCHELL COUNTY, GEORGIA

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

| ASSETS | Clerk of Superior Court | Probate Court | Sheriff's Office | Probation Office |
|---|---|---|---|---|
| Cash and cash equivalents | $ 168,487 | $ 2,245 | $ 32,761 | $ 23,646 |
| Taxes receivable | - | - | - | - |
| Total assets | 168,487 | 2,245 | 32,761 | 23,646 |
| **LIABILITIES** | | | | |
| Due to others | 31,888 | 2,245 | 1,502 | 23,646 |
| Uncollected taxes | - | - | - | - |
| Total liabilities | 31,888 | 2,245 | 1,502 | 23,646 |
| **NET POSITION** | | | | |
| Restricted: | | | | |
| Individuals, organizations, and other governments | 136,599 | - | 31,259 | - |
| Total net position | $ 136,599 | $ - | $ 31,259 | $ - |

| Jail Inmate | Tax Commissioner | Magistrate Court | Tax Assessor | Criminal Justice Coordinating Council Grant | Total |
|---|---|---|---|---|---|
| $ 504 | $ 139,280 | $ 34,600 | $ 814 | $ 57,356 | $ 459,693 |
| - | 2,723,254 | - | - | - | 2,723,254 |
| 504 | 2,862,534 | 34,600 | 814 | 57,356 | 3,182,947 |
| 504 | 139,280 | 34,600 | - | 12,350 | 246,015 |
| - | 2,723,254 | - | - | - | 2,723,254 |
| 504 | 2,862,534 | 34,600 | - | 12,350 | 2,969,269 |
| - | - | - | 814 | 45,006 | 213,678 |
| $ - | $ - | $ - | $ 814 | $ 45,006 | $ 213,678 |

# MITCHELL COUNTY, GEORGIA

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

| | Clerk of Superior Court | Probate Court | Sheriff's Office | Probation Office |
|---|---|---|---|---|
| **ADDITIONS** | | | | |
| Taxes | $ - | $ - | $ - | $ - |
| Fines and fees | 670,640 | 129,583 | 15,527 | 83,136 |
| Other custodial collections | - | - | - | - |
| Total additions | 670,640 | 129,583 | 15,527 | 83,136 |
| **DEDUCTIONS** | | | | |
| Taxes paid to other governments | - | - | - | - |
| Other custodial disbursements | 669,405 | 129,583 | 8,516 | 83,136 |
| Total deductions | 669,405 | 129,583 | 8,516 | 83,136 |
| Net increase (decrease) in fiduciary net position | 1,235 | - | 7,011 | - |
| **Net position, beginning of year, restated** | 135,364 | - | 24,248 | - |
| **Net position, end of year** | $ 136,599 | $ - | $ 31,259 | $ - |

| Jail Inmate | Tax Commissioner | Magistrate Court | Tax Assessor | Criminal Justice Coordinating Council Grant | Total |
|---|---|---|---|---|---|
| $ - | $ 57,923,510 | $ - | $ - | $ - | $ 57,923,510 |
| - | - | 348,998 | 5,998 | - | 1,253,882 |
| - | - | - | - | 405,687 | 405,687 |
| - | 57,923,510 | 348,998 | 5,998 | 405,687 | 59,583,079 |
| - | 57,923,510 | - | - | - | 57,923,510 |
| - | - | 348,998 | 6,828 | 360,681 | 1,607,147 |
| - | 57,923,510 | 348,998 | 6,828 | 360,681 | 59,530,657 |
| - | - | - | (830) | 45,006 | 52,422 |
| - | - | - | 1,644 | - | 161,256 |
| $ - | $ - | $ - | $ 814 | $ 45,006 | $ 213,678 |

# COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

# INDEPENDENT AUDITORS' 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 Mitchell County, Georgia**
**Camilla, 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 business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Mitchell 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 May 3, 2021. Our report includes a reference to other auditors who audited the financial statements of the Mitchell County Board of Health, 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, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore; material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we considered to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

**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*.

**Mitchell County, Georgia's Response to Finding**

Mitchell County, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the 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 result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 3, 2021

MAULDIN & JENKINS
CPAs & ADVISORS

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**Board of Commissioners**
**of Mitchell County, Georgia**
**Camilla, Georgia**

**Report on Compliance for Each Major Federal Program**

We have audited Mitchell County, Georgia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2* U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

***Report on Internal Control Over Compliance***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 3, 2021

# MITCHELL COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## DECEMBER 31, 2020

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Award ID Number | Total Expenditures |
|---|---|---|---|
| **ENVIRONMENTAL PROTECTION AGENCY** | | | |
| Passed through Georgia Environmental Finance Authority | | | |
| Clean Water State Revolving Loan | 66.458 | CW2017021 | $ 335,929 |
| Brownfield Clean Up Grant | 66.818 | BF00D59217 | 28,510 |
| Total Environmental Protection Agency | | | 364,439 |
| **U.S. DEPARTMENT OF HOMELAND SECURITY** | | | |
| Passed through Georgia Emergency Management and Homeland Security Agency | | | |
| Disaster Grants - Public Assistance | 97.036 | FEMA-4400-DR-GA | 211,553 |
| Total U.S. Department of Homeland Security | | | 211,553 |
| **U.S. ELECTION ASSISTANCE COMMISSION** | | | |
| Passed through Georgia Secretary of State Office | | | |
| COVID-19 Coronavirus Relief Funds/Help America Vote Act | 90.401 | N/A | 3,312 |
| Total U.S. Election Assistance Commission | | | 3,312 |
| **U.S. DEPARTMENT OF AGRICULTURE** | | | |
| Community Facilities Grant | 10.766 | N/A | 25,000 |
| Total U.S. Department of Agriculture | | | 25,000 |
| **U.S. DEPARTMENT OF TREASURY** | | | |
| Passed through Georgia Governor's Office of Planning and Budget | | | |
| COVID-19 Coronavirus Relief Funds | 21.019 | N/A | 637,385 |
| Total U.S. Department of Treasury | | | 637,385 |
| **U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT** | | | |
| Passed through Georgia Department of Community Affairs | | | |
| Community Development Block Grant | 14.228 | 14p-y-101-1-5687 | 10,000 |
| Total U.S. Housing and Urban Development | | | 10,000 |
| **Total Expenditures of Federal Awards** | | | $ 1,251,689 |

# MITCHELL COUNTY, GEORGIA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## DECEMBER 31, 2020

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### NOTE 1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Mitchell County, Georgia (the "County") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of *Title 2* U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

### NOTE 2. DE MINIMIS COST RATE

The County elected not to use the 10% de minimis cost rate for the year ended December 31, 2020.

### NOTE 3. NON-CASH AWARDS

The County did not receive non-cash awards during the year ended December 31, 2020.

### NOTE 4. SUBRECIPIENTS

The County did not pass through any funds to subrecipients during the year ended December 31, 2020.

# MITCHELL COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED DECEMBER 31, 2020

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## SECTION I
## SUMMARY OF AUDITOR'S RESULTS

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified

Internal control over financial reporting:
Material weakness identified? ___ Yes __X__ No

Significant deficiencies identified? __X__ Yes ____ None Reported

Noncompliance material to financial statements noted? ___ Yes __X__ No

***Federal Awards***

Internal Control over major programs:
Material weaknesses identified? ___ Yes __X__ No

Significant deficiencies identified? ___Yes __X__ None Reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ___ Yes __X__ No

Identification of major program:

| CFDA Number | Name of Federal Program or Cluster |
|---|---|
| 21.019 | COVID-19 Coronavirus Relief Funds |

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ____ Yes __X__ No

# MITCHELL COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED DECEMBER 31, 2020

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## SECTION II
## FINANCIAL STATEMENT FINDINGS AND RESPONSES

**2020 – 001. Segregation of Duties**

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

**Condition:** There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the County Administration, Clerk of Court, Probate Court, Magistrate Court, Law Library, Sheriff's Department, and Probation Department.

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

**Effect:** Failure to properly segregate duties between recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

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

**Recommendation:** The County should consider having checks and balances in place, so that if overlapping duties exist, an appropriate level of review is performed.

**Views of Responsible Officials and Planned Corrective Action:** We concur with the recommendation. Such segregation of duties will be implemented as soon as economically possible.

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

None reported.

# MITCHELL COUNTY, GEORGIA

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

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**2019 – 001. 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 between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the County Administration, Clerk of Court, Probate Court, Magistrate Court, Law Library, Sheriff's Department, and Probation Department.

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

# MITCHELL COUNTY BOARD OF COMMISSIONERS

26 North Court Ave
Camilla,Ga 31730
229-336-2000

**Commissioners:**
Reggie C. Bostick
Julius Hatcher
Benjamin Hayward
B. Keith Jones
David Sullivan

Gary Rice, Administrator
Rebecca Reese, Clerk


## MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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**2020-001. Segregation of Duties**

***Name of the Contact Person Responsible for Corrective Action Plan:*** Jerry Permenter, Asst. County Administrator/CFO

***Corrective Action Plan:*** We concur with the recommendation. Such segregation of duties will be implemented as soon as economically possible.

***Anticipated Completion Date:*** Fiscal year 2021