MONTGOMERY COUNTY, GEORGIA

FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019
AND INDEPENDENT AUDITOR'S REPORT

MONTGOMERY COUNTY, GEORGIA

TABLE OF CONTENTS

Financial Ssection

Independent Auditor's Report 1
Basic Financial Statements
Government-Wide Financial Statements
Statement of Net Position 4
Statement of Activities 5
Fund Financial Statements
Balance Sheet - Governmental Funds 6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 8
Statement of Fiduciary Assets and Liabilities - Fiduciary Funds 9
Notes to Financial Statements 10
Required Supplementary Information
Budgetary Comparison Schedule - General Fund 23
Other Information
Supplementary Data - Combining and Individual Fund Statements and Schedules
Nonmajor Governmental Funds - Combining Balance Sheet 27
Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances 28
Combining Balance Sheet - Agency Funds 30
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds - 2015 Issue 31

Compliance Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* 32
Schedule of Findings and Responses 34

MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

389 Mulberry Street | Macon, Georgia 31201
Post Office Box One | Macon, Georgia 31202
478-746-6277 | mmmcpa.com

August 10, 2020

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Montgomery County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of **Montgomery County, Georgia** (the County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Montgomery County Board of Health, which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for Montgomery County Board of Health, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Auditor's Responsibility (Continued)

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Montgomery County, Georgia as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose sales tax proceeds are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2020, on our consideration of Montgomery County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montgomery County, Georgia's internal control over financial reporting and compliance.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

BASIC FINANCIAL STATEMENTS

MONTGOMERY COUNTY, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government	Component Unit
Assets	**Governmental Activities**	**Health Department**
Cash and Cash Equivalents	$ 4,095,611	$ 466,805
Receivables		
Property Taxes	557,023	-
Accounts	48,403	-
Due From Other Governments	120,705	31,126
Inventory	8,120	-
Prepaid Items	44,016	-
Capital Assets		
Nondepreciable	552,293	-
Depreciable, Net of Accumulated Depreciation	9,177,395	1,024
Total Assets	14,603,566	498,955
Deferred Outflows of Resources		
Related to Pensions	-	75,957
Liabilities		
Accounts Payable	276,647	-
Accrued Expenses/Liabilities	46,154	2,745
Due to Other Governments	51,874	15,366
Long-Term Liabilities		
Compensated Absences	-	10,981
Capital Leases Due Within One Year	116,661	-
Capital Leases Due In More Than One Year	525,475	-
Note Payable Due In Less Than One Year	139,707	-
Proportionate Share of Collective Net Pension Liability	-	189,478
Proportionate Share of Collective Net OPEB Liability	-	94,397
Total Liabilities	1,156,518	312,967
Deferred Inflows of Resources		
Related to Pensions	-	58,962
Net Position		
Net Investment in Capital Assets	8,947,845	1,024
Restricted for		
Capital Projects	351,029	-
Other Purposes	557,587	69,382
Unrestricted	3,590,587	132,577
Total Net Position	$ 13,447,048	$ 202,983

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

MONTGOMERY COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Health Department
Primary Government						
Governmental Activities						
General Government	$ 1,279,183	$ 133,423	$ -	$ -	$ (1,145,760)	$ -
Judicial	425,061	200,080	-	-	(224,981)	-
Public Safety	1,931,351	135,440	28,417	-	(1,767,494)	-
Public Works	1,220,058	-	9,199	2,231,921	1,021,062	-
Health and Welfare	224,874	4,271	97,163	-	(123,440)	-
Culture and Recreation	97,001	14,031	-	-	(82,970)	-
Housing and Development	167,939	10,245	-	-	(157,694)	-
Interest on Long-Term Debt	22,814	-	-	-	(22,814)	-
Total Primary Government and Governmental Activities	$ 5,368,281	$ 497,490	$ 134,779	$ 2,231,921	(2,504,091)	-
Health Department	$ 279,965	$ 105,824	$ 216,741	$ -		$ 42,600
General Revenues						
Property Taxes					2,571,819	-
Sales Taxes					1,256,715	-
Insurance Premium Tax					346,162	-
Alcohol Beverage Taxes					18,134	-
Other Taxes					584,892	-
Interest					6,246	-
Other					184,448	63,626
Total General Revenues					4,968,416	63,626
Change in Net Position					2,464,325	106,226
Net Position at Beginning of Year					10,982,723	96,757
Net Position at End of Year					$ 13,447,048	$ 202,983

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

MONTGOMERY COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General Fund	SPLOST 2015 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 3,097,696	$ 352,341	$ 645,574	$ 4,095,611
Receivables				
Property Taxes	557,023	-	-	557,023
Accounts	17,890	-	30,513	48,403
Due From Other Governments	34,420	63,533	22,752	120,705
Inventory	8,120	-	-	8,120
Prepaid Items	39,856	4,160	-	44,016
Total Assets	$ 3,755,005	$ 420,034	$ 698,839	$ 4,873,878
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	$ 129,967	$ 12,971	$ 133,709	$ 276,647
Accrued Expenses/Liabilities	38,611	-	7,543	46,154
Due to Other Governments	-	51,874	-	51,874
Total Liabilities	168,578	64,845	141,252	374,675
Deferred Inflows of Resources - Unavailable Revenue	297,857	-	-	297,857
Fund Balances				
Nonspendable	47,976	4,160	-	52,136
Restricted for				
Capital Projects	-	351,029	-	351,029
Other Purposes	-	-	557,587	557,587
Unassigned	3,240,594	-	-	3,240,594
Total Fund Balances	3,288,570	355,189	557,587	4,201,346
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,755,005	$ 420,034	$ 698,839	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,729,688
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	297,857
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Note Payable	(139,707)
Capital Leases Payable	(642,136)
Net Position of Governmental Activities	$ 13,447,048

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

MONTGOMERY COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	SPLOST 2015 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$ 3,090,826	$ -	$ -	$ 3,090,826
Sales Taxes	377,017	661,704	236,128	1,274,849
Other Taxes	346,162	-	-	346,162
Licenses and Permits	14,896	-	-	14,896
Intergovermental	1,847,503	-	218,353	2,065,856
Charges for Services	118,277	-	150,015	268,292
Fines, Forfeitures and Fees	232,481	-	22,141	254,622
Other	46,242	-	61,419	107,661
Interest	4,506	844	1,740	7,090
	6,077,910	662,548	689,796	7,430,254
Expenditures				
Current				
General Government	856,242	-	-	856,242
Judicial	422,731	-	6,792	429,523
Public Safety	1,512,436	-	344,319	1,856,755
Public Works	2,196,780	26,343	69,841	2,292,964
Health and Welfare	104,528	-	108,010	212,538
Culture and Recreation	91,375	-	12,771	104,146
Housing and Development	50,536	-	97,486	148,022
Intergovernmental	-	293,500	-	293,500
Capital Outlay	-	401,855	780,773	1,182,628
Debt Service				
Principal	-	153,914	-	153,914
Interest	1,323	19,418	2,073	22,814
Total Expenditures	5,235,951	895,030	1,422,065	7,553,046
Excess (Deficiency) of Revenues Over (Under) Expenditures	841,959	(232,482)	(732,269)	(122,792)
Other Financing Sources (Uses)				
Inception of Capital Leases	-	154,599	237,313	391,912
Transfers In	125,710	94,363	717,908	937,981
Transfers Out	(717,908)	-	(220,073)	(937,981)
Total Other Financing Sources (Uses)	(592,198)	248,962	735,148	391,912
Net Change in Fund Balances	249,761	16,480	2,879	269,120
Fund Balances, Beginning	3,038,809	338,709	554,708	3,932,226
Fund Balances, Ending	$ 3,288,570	$ 355,189	$ 557,587	$ 4,201,346

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

MONTGOMERY COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Net Change in Fund Balances - Total Governmental Funds		$ 269,120
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlay	2,898,065	
Depreciation	(580,105)	2,317,960
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position.		84,928
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		17,746
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.		
Proceeds from Capital Lease Obligations	(391,913)	
Payment of Capital Lease Obligations	166,484	(225,429)
Change in Net Position of Governmental Activities		$ 2,464,325

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

MONTGOMERY COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2019

	Agency Funds
Assets	
Cash and Cash Equivalents	$ 58,557
Liabilities	
Due to Others	$ 58,557

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

(1) Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Montgomery County Development Authority

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

Discretely Presented Component Unit - A discretely presented component unit is reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Following is a description of the County's discretely presented component unit:

Montgomery County Board of Health

The Montgomery County Board of Health d/b/a Montgomery County Public Health Center (Health Center), a component unit, has a governing board consisting of seven members. Four of the members are either County officials or members appointed by the County. Although the County does not have the authority to approve or modify the budget of the Health Center, the County is obligated to provide financial support to the Health Center. The Health Center has a June 30 year-end. The Health Center's financial statements may be obtained by writing to the District Administrator, South Central Health District, 2121-D Bellevue Road, Dublin, Georgia 31201.

(1) Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues. The *primary government* is reported separately from the discretely presented separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to those who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included in program revenues are reported as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, any debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

(1) Summary of Significant Accounting Policies (Continued)

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

The County reports the following major governmental funds:

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

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

Additionally, the County reports the following fund types:

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

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

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

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

Amounts reported as *program revenues* include (1) charges for services provided, (2) operating grants and contributions, and (3) capital grants and contributions. All other revenues are reported as general revenues, including property and sales taxes.

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

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

(1) Summary of Significant Accounting Policies (Continued)

D. Cash, Cash Equivalents and Investments

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

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

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year as well as all other outstanding balances between funds are reported as "Due to/from Other Funds."

F. Inventories

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

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used by recording an asset for the prepaid amount and by recording the expenditure/expense in the period in which services are consumed. At the fund reporting level, an equal amount of fund balance is categorized as nonspendable, as this amount is not available for general appropriation.

H. Capital Assets

Capital assets, which include property, plant, equipment and the infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Asset Category	Years
Buildings and Improvements	10 - 30
Infrastructure	10 - 50
Machinery and Equipment	3 - 12

(1) Summary of Significant Accounting Policies (Continued)

I. Deferred Outflows/Inflows of Resources

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

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

J. Compensated Absences

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

K. Government-Wide and Proprietary Fund Net Position

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

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

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

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

L. Governmental Fund Balances

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

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

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

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

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

Unassigned - all amounts not included in other spendable classifications.

(1) Summary of Significant Accounting Policies (Continued)

L. Governmental Fund Balances (Continued)

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

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

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

M. Use of Estimates

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

(2) Legal Compliance - Budgets

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

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

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

(3) Deposits and Investments

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. The County has no custodial credit risk policies requiring additional collateral. As of December 31, 2019, the County had no uncollateralized deposits.

As of June 30, 2019, the Health Department was properly insured and collateralized as required by the Official Code of Georgia Annotated (OCA) Section 45-8-12(c) and as defined by GASB pronouncements.

The County had no investments as of December 31, 2019.

(4) Receivables

Receivables for the government's individual major and nonmajor funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows at December 31, 2019:

	General Fund	Nonmajor Governmental Funds	Total
Receivables			
Accounts	$ 17,890	$ 30,513	$ 48,403
Property Taxes	586,340	-	586,340
	604,230	30,513	634,743
Allowance for Uncollectibles	(29,317)	-	(29,317)
	$ 574,913	$ 30,513	$ 605,426

Property taxes were levied on August 22, 2019. Bills were payable on or before December 20, 2019, after which the applicable property is subject to lien, and penalties and interest are assessed. The County bills and collects its own property taxes. Property taxes levied for 2019 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended December 31, 2019 and collected by February 28, 2020 are recognized as revenues in the year ended December 31, 2019. Net receivables estimated to be collected subsequent to February 28, 2020 are deferred as of December 31, 2019 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

(5) Capital Assets

Capital asset activity for the year ended December 31, 2019 is as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 552,293	$ -	$ -	$ 552,293
Capital Assets, Depreciable				
Buildings and Improvements	6,124,088	1,026		6,125,114
Infrastructure	4,441,743	2,332,344		6,774,087
Furniture and Fixtures	324,078	8,148		332,226
Road Machinery and Equipment	4,565,759	556,547	(571,509)	4,550,797
	15,455,668	2,898,065	(571,509)	17,782,224
Accumulated Depreciation for				
Buildings and Improvements	(3,068,080)	(115,255)	-	(3,183,335)
Infrastructure	(1,335,600)	(182,824)	-	(1,518,424)
Furniture and Fixtures	(276,648)	(14,462)	-	(291,110)
Road Machinery and Equipment	(3,670,179)	(267,564)	325,783	(3,611,960)
	(8,350,507)	(580,105)	325,783	(8,604,829)
Total Capital Assets, Depreciable, Net	7,105,161	2,317,960	(245,726)	9,177,395
Governmental Activities Capital Assets, Net	$ 7,657,454	$ 2,317,960	$ (245,726)	$ 9,729,688

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

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

Governmental Activities	
General Government	$ 123,378
Judicial	1,604
Public Safety	86,595
Public Works	343,472
Health and Welfare	12,335
Culture and Recreation	8,542
Community Development	4,179
	$ 580,105

(5) Capital Assets (Continued)

Discretely Presented Component Unit

Activity for the Health Center for the fiscal year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Depreciable Equipment and Vehicles	$ 15,574	$ 330	$ -	$ 15,904
Accumulated Depreciation	(14,434)	(446)	-	(14,880)
	$ 1,140	$ (116)	$ -	$ 1,024

(6) Long-Term Debt

Primary Government

The following is a summary of long-term debt activity for the primary government for the year ended December 31, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Capital Leases	$ 747,361	$ 391,912	$ (497,137)	$ 642,136	$ 116,661
Notes Payable	139,707	-	-	139,707	-
	$ 887,068	$ 391,912	$ (497,137)	$ 781,843	$ 116,661

Capital Leases in the amount of $330,653 were terminated during fiscal year 2019.

Capital Leases

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

(6) Long-Term Debt (Continued)

Primary Government (Continued)

Capital Leases (Continued)

The following is an analysis of leased assets under capital leases as of December 31, 2019:

	Governmental Activities
Equipment	$ 826,527
Less: Accumulated Depreciation	(171,575)
	$ 654,952

The County reported $109,065 of depreciation expense for Governmental Activities on the above leased assets for the year ended December 31, 2019.

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

Year Ending December 31	Governmental Activities
2020	$ 143,073
2021	220,355
2022	93,974
2023	215,832
2024	37,512
Total Minimum Lease Payments	710,746
Less Amount Representing Interest	(68,610)
Present Value of Future Minimum Lease Payments	$ 642,136

Note Payable

The note payable bears interest at a rate of 4.75 percent and matures on January 14, 2021. Debt service requirements at maturity include $140,525 in principal and $6,675 in interest. The note is secured by real estate.

(7) Interfund Receivables, Payables and Transfers

There were no interfund receivables or payables as of December 31, 2019.

Interfund Transfers

Transfers In	Transfers Out	Amount
General Fund	Nonmajor Governmental Funds	$ 125,710
SPLOST 2015 Fund	Nonmajor Governmental Funds	$ 94,363
Nonmajor Governmental Funds	General Fund	717,908
		$ 937,981

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

(8) Senior Citizens Nutrition Fund

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

The revenues and expenditures by contract are as follows:

Contract Number	Revenues	Expenditures
HGAAAA-2019-11	$ 39,769	$ 39,769
HGAAAA-2020-11	32,368	32,368
	$ 72,137	$ 72,137

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

Employee	Salary
Evelyn Carpenter	$ 16,881
Miranda Edge	12,403
Yolanda Ford	4,298
James Selph	5,122
	$ 38,704

(8) Senior Citizens Nutrition Fund (Continued)

The program operated the following vehicles during the contract periods:

Year	Make	Model	Body Style	Vehicle Identification Number
2013	Nissan	Rogue	SUV	JN8AS5MV6DW638536
2009	Chevrolet	Trailblazer	SUV	1GNDS33S692111705

(9) Joint Venture

Under Georgia law, the County is a participating member of the Heart of Georgia Altamaha Regional Commission (RC) and is required to pay annual dues thereto. During the year ended December 31, 2019, the County paid $5,073 in such dues. Membership in the RC is required by OCGA Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC board membership includes the chief elected official of each county and municipality of the area. OCGA Section 50-8-39.1 provides that the member governments are liable for any debts and obligations of the RC. Separate financial statements may be obtained from: Heart of Georgia Altamaha Regional Commission, 5405 Oak Street, Eastman, Georgia 31023.

(10) Retirement Plans

Defined Contribution Plan

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

The County's contributions to the plan for the year ended December 31, 2019 were $39,509.

(11) Risk Management

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

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

(11) Risk Management (Continued)

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

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

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

(12) Contingencies and Commitments

Grant Contingencies

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

Litigation

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

(13) Deficit Fund Balance

As of December 31, 2019, the Development Authority Fund, a nonmajor special revenue fund, had a deficit fund balance of $4,865. The deficit balance will be funded from the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Property Taxes	$ 3,056,882	$ 3,090,826	$ 3,090,826	$ -
Sales Taxes	344,000	377,017	377,017	-
Other Taxes	335,000	346,162	346,162	-
Licenses and Permits	14,000	14,896	14,896	-
Intergovermental	25,500	1,847,503	1,847,503	-
Charges for Services	109,000	118,277	118,277	-
Fines, Forfeitures and Fees	206,000	232,481	232,481	-
Interest	3,500	4,506	4,506	-
Other	99,100	46,242	46,242	-
Total Revenues	4,192,982	6,077,910	6,077,910	-
Expenditures				
Current				
General Government				
Board of Commissioners	55,600	50,626	50,626	-
Elections	45,848	54,351	54,351	-
Financial Administration	284,571	276,558	276,558	-
Tax Commissioner	136,717	155,901	155,901	-
Tax Assessor	206,452	168,939	168,939	-
General Government Building	155,250	149,867	149,867	-
	884,438	856,242	856,242	-
Judicial				
Superior Court	88,600	87,829	87,829	-
Clerk of Superior Court	129,047	124,005	124,005	-
Magistrate Court	85,861	82,903	82,903	-
Probate Court	115,697	117,079	117,079	-
Traffic Court	4,200	4,850	4,850	-
Legal	9,925	6,065	6,065	-
	$ 433,330	$ 422,731	$ 422,731	$ -

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

Expenditures (Continued)	Original Budget	Final Budget	Actual	Over (Under) Budget
Public Safety				
Sheriff	$ 1,097,780	$ 1,071,227	$ 1,071,227	$ -
Rural Fire Protection	113,500	141,158	141,158	-
Emergency Medical Services	223,875	233,773	233,773	-
Emergency Management	68,121	54,576	54,576	-
Coroner	13,151	11,702	11,702	-
E-911	301,280	-	-	-
	1,817,707	1,512,436	1,512,436	-
Public Works				
Road Department	542,152	1,958,972	1,958,972	-
Solid Waste	228,069	237,808	237,808	-
	770,221	2,196,780	2,196,780	-
Health and Welfare				
Health Center	48,206	48,612	48,612	-
Aid to Dependent Children	5,000	5,000	5,000	-
Senior Citizens Center	50,699	50,916	50,916	-
	103,905	104,528	104,528	-
Culture and Recreation				
Forest Resources	15,450	15,687	15,687	-
Recreation	54,136	54,688	54,688	-
Library	21,000	21,000	21,000	-
	90,586	91,375	91,375	-
Housing and Development				
County Extension	$ 64,795	$ 50,536	$ 50,536	$ -

MONTGOMERY COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

Expenditures (Continued)	Original Budget	Final Budget	Actual	Over (Under) Budget
Debt Service				
Principal	$ 28,000	$ -	$ -	$ -
Interest	-	1,323	1,323	-
	28,000	1,323	1,323	-
Total Expenditures	4,192,982	5,235,951	5,235,951	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	841,959	841,959	-
Other Financing Sources (Uses)				
Transfers In	87,100	125,710	125,710	-
Transfers Out	(331,780)	(717,908)	(717,908)	-
Total Other Financing Sources (Uses)	(244,680)	(592,198)	(592,198)	-
Net Change in Fund Balance	(244,680)	249,761	249,761	-
Fund Balance, Beginning	3,038,809	3,038,809	3,038,809	-
Fund Balance, Ending	$ 2,794,129	$ 3,288,570	$ 3,288,570	$ -

OTHER INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

Projects Fund - To account for revenues associated with various County projects.

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

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

MONTGOMERY COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS & SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2019

	Special Drug Education Fund	Drug Forfeiture Fund	Senior Citizens Nutrition Fund	Emergency 911 Fund	County (Jail) Fee Fund	Law Library Fund	Development Authority	T-SPLOST Fund	Projects Fund	Recreation Fund	CDBG Fund	Total
Assets												
Cash and Cash Equivalents	$ 16,306	$ 12,571	$ 9,527	$ -	$ 21,895	$ 19,353	$ 15,447	$ 113,573	$ 433,734	$ 2,798	$ 370	$ 645,574
Accounts Receivable	-	-	5,543	24,706	264	-	-	-	-	-	-	30,513
Due from Other Governments	-	-	-	-	-	-	-	22,752	-	-	-	22,752
Total Assets	$ 16,306	$ 12,571	$ 15,070	$ 24,706	$ 22,159	$ 19,353	$ 15,447	$ 136,325	$ 433,734	$ 2,798	$ 370	$ 698,839
Liabilities and Fund Balances												
Liabilities												
Accounts Payable	$ -	$ -	$ 5,634	$ 580	$ -	$ -	$ 17,871	$ 65,086	$ 44,388	$ 150	$ -	$ 133,709
Accrued Liabilities	-	-	-	5,102	-	-	2,441	-	-	-	-	7,543
Total Liabilities	-	-	5,634	5,682	-	-	20,312	65,086	44,388	150	-	141,252
Fund Balance												
Restricted	16,306	12,571	9,436	19,024	22,159	19,353	(4,865)	71,239	389,346	2,648	370	557,587
	$ 16,306	$ 12,571	$ 15,070	$ 24,706	$ 22,159	$ 19,353	$ 15,447	$ 136,325	$ 433,734	$ 2,798	$ 370	$ 698,839

MONTGOMERY COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Drug Education Fund	Drug Forfeiture Fund	Senior Citizens Nutrition Fund	Emergency 911 Fund	County (Jail) Fee Fund	Law Library Fund	Development Authority	T-SPLOST Fund	Projects Fund	Recreation Fund	CDBG Fund	Total
Revenues												
Sales Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 236,128	$ -	$ -	$ -	$ 236,128
Charges for Service	-	-	4,271	131,713	-	-	-	-	-	14,031	-	150,015
Fines, Forfeitures and Fees	4,462	3,726	-	-	8,463	5,410	-	-	-	80	-	22,141
Intergovernmental	-	-	97,163	-	-	-	-	-	119,290	-	1,900	218,353
Other	-	-	-	-	-	-	10,245	-	51,174	-	-	61,419
Interest	38	37	-	26	43	47	62	330	1,157	-	-	1,740
Total Revenue	4,500	3,763	101,434	131,739	8,506	5,457	10,307	236,458	171,621	14,111	1,900	689,796
Expenditures												
Current												
Judicial	-	-	-	-	3,450	3,342	-	-	-	-	-	6,792
Public Safety	1,466	10,222	-	332,631	-	-	-	-	-	-	-	344,319
Public Works	-	-	-	-	-	-	-	67,941	-	-	1,900	69,841
Housing and Development	-	-	-	-	-	-	97,486	-	-	-	-	97,486
Health and Welfare	-	-	71,098	-	-	-	-	-	36,912	-	-	108,010
Culture and Recreation	-	-	-	-	-	-	-	-	-	12,771	-	12,771
Capital Outlay	-	-	-	-	-	-	8,896	189,901	581,976	-	-	780,773
Debt Service - Interest	-	-	-	-	-	-	2,073	-	-	-	-	2,073
Total Expenditures	1,466	10,222	71,098	332,631	3,450	3,342	108,455	257,842	618,888	12,771	1,900	1,422,065
Excess (Deficiency) of Revenues												
Over (Under) Expenditures	3,034	(6,459)	30,336	(200,892)	5,056	2,115	(98,148)	(21,384)	(447,267)	1,340	-	(732,269)
Other Financing Sources												
Inception of Capital Leases	-	-	-	-	-	-	-	-	237,313	-	-	237,313
Transfer In	-	-	-	232,453	-	-	90,445	-	393,510	1,500	-	717,908
Transfer Out	-	-	(30,000)	(35,710)	-	-	-	(60,000)	(94,363)	-	-	(220,073)
Total Other Financing Sources (Uses)	-	-	(30,000)	196,743	-	-	90,445	(60,000)	536,460	1,500	-	735,148
Net Change in Fund Balance	3,034	(6,459)	336	(4,149)	5,056	2,115	(7,703)	(81,384)	89,193	2,840	-	2,879
Fund Balance, Beginning	13,272	19,030	9,100	23,173	17,103	17,238	2,838	152,623	300,153	(192)	370	554,708
Fund Balance, Ending	$ 16,306	$ 12,571	$ 9,436	$ 19,024	$ 22,159	$ 19,353	$ (4,865)	$ 71,239	$ 389,346	$ 2,648	$ 370	$ 557,587

MONTGOMERY COUNTY, GEORGIA

AGENCY FUNDS

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

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

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

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

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

MONTGOMERY COUNTY, GEORGIA
COMBINING BALANCE SHEET
AGENCY FUNDS
DECEMBER 31, 2019

	Tax Commissioner	Clerk of Courts	Probate Court	Office of Sheriff	Magistrate Court	Total
Assets						
Cash and Cash Equivalents	$ (6,982)	$ 25,291	$ 20,757	$ 13,295	$ 6,196	$ 58,557
Liabilities						
Due to / (from) Others	$ (6,982)	$ 25,291	$ 20,757	$ 13,295	$ 6,196	$ 58,557

MONTGOMERY COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2015 ISSUE
FOR THE YEAR ENDED DECEMBER 31, 2019

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Buildings and Ground Projects and Improvements, Road Improvements, Recreation and Library Equipment, Major Equipment and Motor Vehicles	$ 3,058,000	$ 863,825	$ 428,198	$ 1,292,023
Distribution to Municipalities:				
City of Ailey	331,650	129,492	39,874	169,366
City of Alston	95,700	37,316	11,506	48,822
City of Higgston	194,700	75,946	23,409	99,355
City of Mount Vernon	1,405,800	551,205	169,018	720,223
City of Tarrytown	53,900	20,963	6,380	27,343
City of Uvalda	360,250	140,835	43,313	184,148
	$ 5,500,000	$ 1,819,582	$ 721,698	$ 2,541,280

Reconciliation of SPLOST Schedule to Financial Statements	
Total of SPLOST Expenditures Above	$ 721,698
Total Expenditures - SPLOST 2015 Fund	$ 895,030
Debt Service Payments	(173,332)
	$ 721,698

COMPLIANCE SECTION

MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

389 Mulberry Street | Macon, Georgia 31201
Post Office Box One | Macon, Georgia 31202
478-746-6277 | mmmcpa.com

August 10, 2020

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

Board of Commissioners
Montgomery County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Montgomery County, Georgia as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Montgomery County, Georgia's basic financial statements, and have issued our report thereon dated August 10, 2020. Our report includes a reference to other auditors who audited the financial statements of Montgomery County Health Department, as described in our report on Montgomery County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Montgomery County, Georgia's internal control over financial reporting (internal control) to determine the 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 Montgomery County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Montgomery County, Georgia's internal control.

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

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist and not be identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as findings 2019-1 and 2019-2, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montgomery County, Georgia'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Montgomery County, Georgia's Response to Findings

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

Purpose of this Report

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

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

2019-1 Lack of Segregation of Duties

Condition: The County Commissioner's clerical staff consists of two people, the County Clerk and the County Manager. The County Clerk collects non-cash receipts (e.g., checks) and disburses funds with limited second-person review. Segregation of duties is not optimal due to the limited number of accounting personnel. Segregation of duties is lacking in the following offices: Probate Court, Clerk of Court, Magistrate Court, Sheriff's Office, Tax Commissioner's Office, and the Board of Commissioner's Office. These situations pose dangers in that errors or thefts could occur and not be detected in a timely manner.

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

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

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

Views of Responsible Officials and Planned Corrective Action:

The Board of Commissioners' Office has implemented the following internal controls during 2020:

Check writing: The Clerk performs the check writing function.

Check signing: All checks require two signatures. The Clerk and Chairman signs checks. In the event the Clerk or Chairman are not available to sign a check, the Vice-Chairman or another Commissioner shall sign checks. The County Manager and the Administrative Assistant are not authorized signers on any checking account. The County Manager and Administrative Assistant review and initial the weekly accounts payable report. Also, a monthly check register is emailed to all Commissioners.

Payroll Processing: The Clerk performs the payroll processing function. The ACH file is not processed until the Chairman reviews and signs the Payroll ACH File List report.

Payment Processing: The Administrative Assistant enters and processes invoices in the County's bookkeeping program. Also, the Administrative Assistant matches the Purchase Orders to the appropriate invoice with packing slips when applicable.

Cash/Payment Receipting: The Commissioners Office does not accept cash. Payments received in the mail are received and logged in by the Administrative Assistant. Payments are then forwarded to the Clerk to book and prepare the deposit.

Bank Deposits: After the Clerk receives payments from the Administrative Assistant, the Clerk prepares the deposit and the County Manager reviews the deposit. The County Manager then makes the deposit at the bank.

Bank Reconciliation: The Clerk performs all bank reconciliations. After the bank reconciliations are completed the County Manager reviews the bank reconciliation along with the bank statements. The County Manager prepares a monthly Cash Report using the bank reconciliations that is reported to the Board of Commissioners. The bookkeeping software generates a checkout report to verify that cash is in balance. The checkout report is generated monthly and reviewed by the County Manager.

2019-2 Reconciliation of County Balance Sheet Accounts – Constitutional Offices & Magistrate Court

Condition: Bank accounts are not being reconciled accurately and in a timely manner. During our audit we identified 5 of 16 bank reconciliations in which the ending bank balance did not reconcile to the bank statement. In June 2020, the County's bookkeeper (Madonna Paradice, CPA) identified the same error on 4 of the 5 inaccurate bank reconciliations identified in our audit. The improper reconciliations resulted in a $600,000 misstatement in the Tax Commissioner's Office which was not identified until more than five months after the end of the County's fiscal year end.

Criteria: Policies and procedures should be in place to ensure that all cash accounts are reconciled accurately and in a timely manner.

Effect: The financial statements may be misstated either by mistake or intentionally to cover up theft.

Recommendation: Policies and procedures should be implemented to ensure that appropriate accounts are reconciled accurately and in a timely manner and that the internal control procedure is constantly monitored by management personnel.

Views of Responsible Officials and Planned Corrective Action:

We agree with this recommendation. An outside internal control specialist will aid in instituting proper procedures to ensure all accounts are reconciled accurately and in a timely manner.