# Lee County, Georgia

## ANNUAL FINANCIAL REPORT

**For the Year Ended June 30, 2016**



# Lee County, Georgia
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# June 30, 2016


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# Lee County, Georgia
# Principal Officials
# June 30, 2016

**ELECTED**

Rick Muggridge, Chairman

Dennis Roland, Vice Chairman

Luke Singletary, County Commissioner

Billy Mathis, County Commissioner

Greg Frich, County Commissioner

**Staff**

Christy Dockery, Co-County Manager & County Clerk

Mike Sistrunk, Co-County Manager & Public Works Director

Heather Jones, Finance Director

Jimmy Skipper, County Attorney

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners
of Lee County, Georgia
Leesburg, Georgia

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lee County, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Lee County Health Department, which represent 100% of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Lee County Health Department is based on the report of the other auditors.

**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 Development Authority of Lee County, which represent 42%, 43%, and 44%, respectively, of the assets, fund balances, and revenues of the nonmajor governmental funds. 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 Development Authority of Lee County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

**Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Lee County, Georgia, as of June 30, 2016, and the respective changes in financial position, the respective budgetary comparison for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios on page 66, the schedule of county contributions on page 67, the schedule of proportionate share of net pension liabilities on page 68 and the schedule of contributions of cost-sharing multiple employer pension plans on page 68 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lee County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The accompanying schedule of Special Purpose Local Option Sales Tax Expenditures is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016, on our consideration of Lee County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lee County, Georgia's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Tifton, Georgia

December 28, 2016

# Lee County, Georgia
# Statement of Net Position
# June 30, 2016

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Health Department |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 3,657,371 | $ 2,545,510 | $ 6,202,881 | $ 349,216 |
| Investments | 4,794,926 | - | 4,794,926 | - |
| Accounts receivable, net | 601,813 | 105,760 | 707,573 | - |
| Property tax receivable | 271,693 | - | 271,693 | - |
| Inventories | - | 12,784 | 12,784 | - |
| Prepaid expenses | 366,185 | 868 | 367,053 | - |
| Due from other governments | 1,220,445 | - | 1,220,445 | 69,870 |
| Interfund balances | 2,464,403 | (2,464,403) | - | - |
| Restricted assets: | | | | |
| Cash and cash equivalents | 15,595 | 1,163,494 | 1,179,089 | - |
| Investments | - | 1,079,033 | 1,079,033 | - |
| Capital assets: | | | | |
| Land | 3,377,163 | 2,776,762 | 6,153,925 | - |
| Construction in progress | 5,067,292 | - | 5,067,292 | - |
| Other capital assets, net of accumulated depreciation | 33,292,709 | 19,793,484 | 53,086,193 | 27,955 |
| Other non current assets | 732 | - | 732 | - |
| Total assets | 55,130,327 | 25,013,292 | 80,143,619 | 447,041 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred refunding | - | 154,552 | 154,552 | |
| Pension cost | 682,211 | 52,636 | 734,847 | 148,465 |
| Total deferred outflows of resources | 682,211 | 207,188 | 889,399 | 148,465 |
| **LIABILITIES** | | | | |
| Accounts payable | 711,787 | 87,762 | 799,549 | 15,664 |
| Accrued expenses | 353,751 | 342,263 | 696,014 | - |
| Other current liabilities | - | - | - | - |
| Long-term liabilities: | | | | |
| Due within one year | 920,004 | 1,015,625 | 1,935,629 | 5,729 |
| Due in more than one year | 3,316,248 | 20,900,351 | 24,216,599 | - |
| Net pension liability | 2,755,916 | 212,634 | 2,968,550 | 732,655 |
| Closure and post closure care | - | 525,000 | 525,000 | - |
| Compensated absences | 865,094 | 80,419 | 945,513 | 51,561 |
| Total liabilities | 8,922,800 | 23,164,054 | 32,086,854 | 805,609 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred refunding | - | - | - | - |
| Unavailable revenue | - | - | - | 58,716 |
| Total deferred inflows of resources | - | - | - | 58,716 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 37,500,912 | 1,042,238 | 38,543,150 | 27,955 |
| Restricted for: | | | | |
| Capital projects | 4,531,252 | - | 4,531,252 | - |
| Other uses | 1,715,164 | - | 1,715,164 | 310,332 |
| Unrestricted | 3,142,410 | 1,014,188 | 4,156,598 | (607,106) |
| Total net position | $ 46,889,738 | $ 2,056,426 | $ 48,946,164 | $ (268,819) |

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

# Lee County, Georgia
# Statement of Activities
# For the Year Ended June 30, 2016

| Functions / Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue |
|---|---|---|---|---|---|
| Primary Government: | | | | | |
| Governmental activities: | | | | | |
| General government | $ 5,723,268 | $ 433,734 | $ 478,335 | $ 413,501 | $ (4,397,698) |
| Public safety | 11,879,064 | 958,961 | - | - | (10,920,103) |
| Court system | 1,831,412 | 996,780 | - | - | (834,632) |
| Public works | 3,490,531 | 3,134,126 | - | - | (356,405) |
| Public health and welfare | 451,059 | | - | - | (451,059) |
| Recreation | 1,086,183 | 44,914 | - | - | (1,041,269) |
| Economic development | 1,338,851 | - | 29,907 | - | (1,308,944) |
| Intergovernmental | 444,979 | - | - | - | (444,979) |
| Interest on long-term debt | 166,080 | - | - | - | (166,080) |
| Total governmental activities | 26,411,427 | 5,568,515 | 508,242 | 413,501 | (19,921,169) |
| Business-type activities: | | | | | |
| Water and sewer | 3,834,362 | 3,562,815 | - | - | (271,547) |
| Solid waste | 244,852 | 133,772 | - | - | (111,080) |
| Golf and recreation | 902,881 | 643,930 | - | - | (258,951) |
| Total business-type activities | 4,982,095 | 4,340,517 | - | - | (641,578) |
| Total primary government | 31,393,522 | 9,909,032 | 508,242 | 413,501 | (20,562,747) |
| Component unit: | | | | | |
| Lee County Health Department | 827,529 | 397,496 | 509,607 | - | 79,574 |
| Total component units | $ 827,529 | $ 397,496 | $ 509,607 | $ - | $ 79,574 |

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

# Lee County, Georgia
# Statement of Activities (continued)
# For the Year Ended June 30, 2016

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Health Department |
| Change in net position: | | | | |
| Net (expense) revenue | $ (19,921,169) | $ (641,578) | $ (20,562,747) | $ 79,574 |
| General revenues: | | | | |
| Taxes: | | | | |
| Property taxes | 14,373,564 | - | 14,373,564 | - |
| Local option sales taxes | 6,032,878 | - | 6,032,878 | - |
| Other taxes | 1,454,485 | - | 1,454,485 | - |
| Grants and contributions not restricted to specific programs | - | - | - | - |
| Investment income | 29,630 | 21,316 | 50,946 | - |
| Gain on sale of capital assets | - | - | - | - |
| Other revenues | 427,125 | 357,066 | 784,191 | - |
| Transfers | (339,443) | 339,443 | - | - |
| Total general revenues and transfers | 21,978,239 | 717,825 | 22,696,064 | - |
| Change in net position | 2,057,070 | 76,247 | 2,133,317 | 79,574 |
| Net position, beginning of year (restated) | 44,832,668 | 1,980,179 | 46,812,847 | (348,393) |
| Net position, end of year | $ 46,889,738 | $ 2,056,426 | $ 48,946,164 | $ (268,819) |

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

# Lee County, Georgia
# Balance Sheet
# Governmental Funds
# June 30, 2016

| | General Fund | 1% SPLOST V BONY Advance Capital Projects Fund | 1% SPLOST V Tax Proceeds Capital Projects Fund |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | $ 2,358,414 | $ - | $ - |
| Investments | 2,061,033 | 8 | - |
| Accounts receivable, net | 540,185 | - | - |
| Property tax receivable | 271,693 | - | - |
| Prepaid expenditures | 366,185 | - | - |
| Due from other governments | 458,324 | - | - |
| Due from other funds | 2,757,169 | 862,546 | - |
| Other non-current assets | - | - | - |
| Restricted assets: | | | |
| Cash and cash equivalents | 8,386 | - | - |
| Investments | - | - | - |
| Sales tax receivable | - | - | - |
| Total assets | 8,821,389 | 862,554 | - |
| **Liabilities** | | | |
| Accounts payable | 486,080 | 860 | - |
| Accrued expenses | 306,612 | 1,738 | 9,157 |
| Due to other governments | - | - | - |
| Due to other funds | - | 339,697 | 889,881 |
| Liabilities payable from restricted assets | 6,000 | - | - |
| Total liabilities | 798,692 | 342,295 | 899,038 |
| **Deferred Inflows of Resources** | | | |
| Unavailable revenue - property taxes | 185,709 | - | - |
| **Fund Balances** | | | |
| Nonspendable | | | |
| Prepaid expenditures | 366,185 | - | - |
| Restricted for: | | | |
| Public services | - | - | - |
| Debt service | - | - | - |
| Specific purposes | - | 520,259 | - |
| Unassigned, reported in: | | | |
| General fund | 7,470,803 | - | - |
| Capital projects funds | - | - | (899,038) |
| Special revenue funds | - | - | - |
| Total fund balances | 7,836,988 | 520,259 | (899,038) |
| Total liabilities, deferred inflows of resources and fund balances | $ 8,821,389 | $ 862,554 | $ - |

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

# Lee County, Georgia
# Balance Sheet
# Governmental Funds
# June 30, 2016

| | 1% SPLOST VI Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | $ - | $ 1,296,915 | $ 3,655,329 |
| Investments | 2,691,872 | 42,013 | 4,794,926 |
| Accounts receivable, net | - | 61,628 | 601,813 |
| Property tax receivable | - | - | 271,693 |
| Prepaid expenditures | - | - | 366,185 |
| Due from other governments | 761,611 | 510 | 1,220,445 |
| Due from other funds | - | - | 3,619,715 |
| Other non-current assets | - | 732 | 732 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 7,209 | 15,595 |
| Investments | - | - | - |
| Sales tax receivable | - | - | - |
| Total assets | 3,453,483 | 1,409,007 | 14,546,433 |
| **Liabilities** | | | |
| Accounts payable | 53,528 | 12,307 | 552,775 |
| Accrued expenses | 14,000 | 11,166 | 342,673 |
| Due to other governments | - | - | - |
| Due to other funds | - | 55 | 1,229,633 |
| Liabilities payable from restricted assets | - | - | 6,000 |
| Total liabilities | 67,528 | 23,528 | 2,131,081 |
| **Deferred Inflows of Resources** | | | |
| Unavailable revenue - property taxes | - | - | 185,709 |
| **Fund Balances** | | | |
| Nonspendable | | | |
| Prepaid expenditures | - | - | 366,185 |
| Restricted for: | | | |
| Public services | - | - | - |
| Debt service | - | - | - |
| Specific purposes | 3,385,955 | 1,385,479 | 5,291,693 |
| Unassigned, reported in: | | | |
| General fund | | - | 7,470,803 |
| Capital projects funds | - | - | (899,038) |
| Special revenue funds | - | - | - |
| Total fund balances | 3,385,955 | 1,385,479 | 12,229,643 |
| Total liabilities, deferred inflows of resources and fund balances | $ 3,453,483 | $ 1,409,007 | $ 14,546,433 |

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

# Lee County, Georgia
## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
## June 30, 2016

| | |
|---|---|
| Total governmental fund balances | $ 12,229,643 |
| 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. | 41,737,164 |
| Net pension liabilities are not current financial obligations and, therefore, are not reported in the funds. | |
| Net pension liability | (2,755,916) |
| Pension cost | 682,211 |
| Certain property tax revenues are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds. | 185,709 |
| Liabilities not due and payable in the current period and therefore not reported in the funds: | |
| Bonds payable | (1,801,541) |
| Capital leases | (943,759) |
| Notes payable | (1,490,952) |
| Compensated absences | (865,094) |
| An internal service fund is used by management to charge the costs of the County's medical benefit plan to individual funds. The assets and liabilities of the internal service fund are included governmental activities in the statement of net position. | (87,727) |
| Net position of governmental activities | $ 46,889,738 |

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

# Lee County, Georgia
## Statement of Revenues, Expenditures, and Changes in Fund Balances
## Governmental Funds
## June 30, 2016

| | General Fund | 1% SPLOST V BONY Advance Capital Projects Fund | 1% SPLOST V Tax Proceeds Capital Projects Fund |
|---|---|---|---|
| **Revenues** | | | |
| Property taxes | $ 14,421,592 | $ - | $ - |
| Local option sales taxes | 2,809,762 | - | - |
| Other taxes | 1,454,485 | - | - |
| Charges for services | 4,104,616 | - | - |
| Fines and forfeitures | 902,604 | - | - |
| Investment income | 20,418 | 8 | - |
| Intergovernmental | 8,489 | - | - |
| Other revenues | 422,644 | - | 5,842 |
| Total revenues | 24,144,610 | 8 | 5,842 |
| **Expenditures** | | | |
| Current: | | | |
| General government | 5,649,904 | - | - |
| Public safety | 10,759,833 | - | - |
| Court system | 1,758,769 | - | - |
| Public works | 1,792,226 | - | - |
| Public health and welfare | 418,942 | - | - |
| Culture and recreation | 385,329 | - | - |
| Library | 650,680 | - | - |
| Housing and development | 1,123,570 | - | - |
| Intergovernmental | - | - | - |
| Capital projects | - | - | - |
| Debt service: | | | |
| Principal | 139,121 | - | - |
| Interest | 74,161 | - | - |
| Fiscal agent fees | - | - | - |
| Total expenditures | 22,752,535 | - | - |
| **Excess (Deficiency) of Revenues Over Expenditures** | 1,392,075 | 8 | 5,842 |
| **Other Financing Sources (Uses)** | | | |
| Transfers from other funds | 45,088 | - | - |
| Transfers to other funds | (1,330,985) | - | - |
| Sale of capital assets | - | - | - |
| Long-term debt issued | - | - | - |
| Total other financing sources (uses) | (1,285,897) | - | - |
| Net change in fund balances | 106,178 | 8 | 5,842 |
| **Fund balances, beginning of year** | 7,730,810 | 520,251 | (904,880) |
| **Fund balances, end of year** | $ 7,836,988 | $ 520,259 | $ (899,038) |

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

# Lee County, Georgia
## Statement of Revenues, Expenditures, and Changes in Fund Balances
## Governmental Funds
## June 30, 2016

| | 1% SPLOST VI Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **Revenues** | | | |
| Property taxes | $ - | $ - | $ 14,421,592 |
| Local option sales taxes | 3,219,968 | - | 6,029,730 |
| Other taxes | - | 3,148 | 1,457,633 |
| Charges for services | - | 467,119 | 4,571,735 |
| Fines and forfeitures | - | 94,176 | 996,780 |
| Investment income | 4,606 | 4,598 | 29,630 |
| Intergovernmental | 405,012 | 478,335 | 891,836 |
| Other revenues | - | 30,246 | 458,732 |
| Total revenues | 3,629,586 | 1,077,622 | 28,857,668 |
| **Expenditures** | | | |
| Current: | | | |
| General government | 26,079 | 12,444 | 5,688,427 |
| Public safety | - | 806,243 | 11,566,076 |
| Court system | - | 18,583 | 1,777,352 |
| Public works | - | - | 1,792,226 |
| Public health and welfare | - | - | 418,942 |
| Culture and recreation | - | - | 385,329 |
| Library | - | - | 650,680 |
| Housing and development | - | 216,122 | 1,339,692 |
| Intergovernmental | 444,979 | - | 444,979 |
| Capital projects | 1,663,253 | 39,504 | 1,702,757 |
| Debt service: | | | |
| Principal | 550,000 | 210,981 | 900,102 |
| Interest | 41,670 | 50,249 | 166,080 |
| Fiscal agent fees | 1,700 | - | 1,700 |
| Total expenditures | 2,727,681 | 1,354,126 | 26,834,342 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 901,905 | (276,504) | 2,023,326 |
| **Other Financing Sources (Uses)** | | | |
| Transfers from other funds | - | 991,542 | 1,036,630 |
| Transfers to other funds | - | (45,088) | (1,376,073) |
| Sale of capital assets | - | - | - |
| Long-term debt issued | - | - | - |
| Total other financing sources (uses) | - | 946,454 | (339,443) |
| Net change in fund balances | 901,905 | 669,950 | 1,683,883 |
| **Fund balances, beginning of year** | 2,484,050 | 715,529 | 10,545,760 |
| **Fund balances, end of year** | $ 3,385,955 | $ 1,385,479 | $ 12,229,643 |

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

## Lee County, Georgia
## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
## June 30, 2016

| | |
|---|---|
| Net change in fund balances - total governmental funds | $ 1,683,883 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. | |
| Capital asset purchases capitalized | 1,940,873 |
| Depreciation expense | (2,655,998) |
| Cost of disposal of capital assets | - |
| 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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | |
| Debt payments made | 900,102 |
| Amortization of bond premiums | 21,720 |
| Proceeds from the issuance of debt | |
| Tax revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | |
| Unavailable revenues - property taxes | (48,028) |
| 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. | |
| Change in net pension liability | (102,572) |
| Compensated absences | (53,274) |
| An internal service fund is used by management to charge the costs of the County's medical benefit plan to individual funds. The net revenues (expenses) the internal service fund is reported with governmental activities in the statement of net position. | 370,364 |
| Change in net position of governmental activities | $ 2,057,070 |

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

# Lee County, Georgia
# Statement of Net Position
# Proprietary Funds
# June 30, 2016

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ 14,205,918 | $ 14,205,918 | $ 14,421,592 | $ 215,674 |
| Local option sales taxes | 2,939,517 | 2,939,517 | 2,809,762 | (129,755) |
| Other taxes | 1,375,115 | 1,375,115 | 1,454,485 | 79,370 |
| Charges for services | 3,980,940 | 3,980,940 | 4,104,616 | 123,676 |
| Fines and forfeitures | 962,908 | 962,908 | 902,604 | (60,304) |
| Investment income | 14,800 | 14,800 | 20,418 | 5,618 |
| Intergovernmental | 8,489 | 8,489 | 8,489 | - |
| Other revenues | 138,887 | 138,887 | 422,644 | 283,757 |
| Total revenues | 23,626,574 | 23,626,574 | 24,144,610 | 518,036 |
| **Expenditures** | | | | |
| **Current:** | | | | |
| **General government** | | | | |
| County commissioners | 1,210,462 | 1,210,462 | 1,130,505 | 79,957 |
| County Manager | 556,789 | 556,789 | 470,425 | 86,364 |
| Elections | 238,160 | 238,160 | 206,503 | 31,657 |
| Information technology | 218,956 | 218,956 | 207,139 | 11,817 |
| Tax commissioner | 368,246 | 368,246 | 360,937 | 7,309 |
| Tax assessor | 529,262 | 529,262 | 545,451 | (16,189) |
| Building and grounds | 209,664 | 209,664 | 233,117 | (23,453) |
| Utility billing | 2,552,456 | 2,552,456 | 2,495,827 | 56,629 |
| Total general government | 5,883,995 | 5,883,995 | 5,649,904 | 234,091 |
| **Public safety** | | | | |
| Sheriff | 3,659,038 | 3,659,038 | 3,598,327 | 60,711 |
| Jail | 2,226,141 | 2,226,141 | 2,229,133 | (2,992) |
| Fire fighting | 2,182,722 | 2,182,722 | 2,146,323 | 36,399 |
| Emergency management | 2,561,653 | 2,561,653 | 2,492,244 | 69,409 |
| Coroner | 28,934 | 28,934 | 19,802 | 9,132 |
| Animal control | 276,112 | 276,112 | 274,004 | 2,108 |
| Total public safety | 10,934,600 | 10,934,600 | 10,759,833 | 174,767 |
| **Court system** | | | | |
| Superior court | 512,906 | 512,906 | 519,979 | (7,073) |
| District attorney | 81,386 | 81,386 | 83,124 | (1,738) |
| Magistrate court | 576,971 | 576,971 | 528,148 | 48,823 |
| Probate court | 244,149 | 244,149 | 235,530 | 8,619 |
| Juvenile court | 53,556 | 53,556 | 75,193 | (21,637) |
| Court services | - | - | 2 | (2) |
| Public defender | 264,667 | 264,667 | 316,793 | (52,126) |
| Total court system | $ 1,733,635 | $ 1,733,635 | $ 1,758,769 | $ (25,134) |

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

# Lee County, Georgia
# Statement of Net Position
# Proprietary Funds
# June 30, 2016

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|---|---|---|---|
| **Public works** | | | | |
| Roads and bridges | $ 1,874,353 | $ 1,874,353 | $ 1,792,226 | $ 82,127 |
| Total public works | 1,874,353 | 1,874,353 | 1,792,226 | 82,127 |
| **Public health and welfare** | | | | |
| Health | 317,620 | 317,620 | 318,323 | (703) |
| Welfare | 16,000 | 16,000 | 16,000 | - |
| Extension service | 90,725 | 90,725 | 84,619 | 6,106 |
| Total public health and welfare | 424,345 | 424,345 | 418,942 | 5,403 |
| **Culture and recreation** | 386,166 | 386,166 | 385,329 | 837 |
| **Library** | 650,680 | 650,680 | 650,680 | - |
| **Housing and development** | | | | |
| Code enforcement | 286,184 | 286,184 | 284,898 | 1,286 |
| Community development | 14,043 | 14,043 | 14,043 | - |
| Planning and engineering | 411,961 | 411,961 | 389,943 | 22,018 |
| Economic development | 223,505 | 223,505 | 434,686 | (211,181) |
| Total housing and development | 935,693 | 935,693 | 1,123,570 | (187,877) |
| **Capital projects** | - | - | - | - |
| **Debt service** | | | | |
| Principal | 354,124 | 354,124 | 139,121 | 215,003 |
| Interest | 67,866 | 67,866 | 74,161 | (6,295) |
| Total expenditures | 23,245,457 | 23,245,457 | 22,752,535 | 492,922 |
| **Excess (deficiency) of Revenues Over Expenditures** | 381,117 | 381,117 | 1,392,075 | 1,010,958 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers from other funds | 44,678 | 44,678 | 45,088 | 410 |
| Transfers to other funds | (425,795) | (425,795) | (1,330,985) | (905,190) |
| Long-term debt issued | - | - | - | - |
| Total other financing sources (uses) | (381,117) | (381,117) | (1,285,897) | (904,780) |
| Net change in fund balances | - | - | 106,178 | 106,178 |
| **Fund balances, beginning of year** | 7,786,119 | 7,786,119 | 7,730,810 | 55,309 |
| **Fund balances, end of year** | $ 7,786,119 | $ 7,786,119 | $ 7,836,988 | $ 161,487 |

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

# Lee County, Georgia
# Statement of Net Position
# Proprietary Funds
# June 30, 2016

| | Business Type Activities - Enterprise Funds | | | | Governmental Activity |
|---|---|---|---|---|---|
| | Utility Authority | Parks and Recreation Authority | Solid Waste Fund | Total | Internal Service Fund |
| **Assets** | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | $ 2,519,085 | $ 22,567 | $ 3,858 | $ 2,545,510 | $ 2,042 |
| Restricted assets - cash | 1,163,494 | - | - | 1,163,494 | - |
| Investments | - | - | - | - | - |
| Restricted assets - investments | 1,079,033 | - | - | 1,079,033 | - |
| Accounts receivable, net | 66,100 | 38,361 | 1,299 | 105,760 | - |
| Due from other funds | - | - | - | - | 166,811 |
| Due from component unit | - | - | - | - | - |
| Inventories | - | 12,784 | - | 12,784 | - |
| Other current assets | - | 300 | 568 | 868 | - |
| Total current assets | 4,827,712 | 74,012 | 5,725 | 4,907,449 | 168,853 |
| Non - current assets | | | | | |
| Restricted assets - cash | - | - | - | - | - |
| Other assets | - | - | - | - | - |
| Capital assets: | | | | | |
| Land | 77,310 | 2,536,452 | 163,000 | 2,776,762 | - |
| Construction in progress | - | - | - | - | - |
| Other capital assets, | - | - | - | - | - |
| net of accumulated depreciation | 18,805,487 | 983,053 | 4,944 | 19,793,484 | - |
| Total non - current assets | 18,882,797 | 3,519,505 | 167,944 | 22,570,246 | - |
| Total assets | 23,710,509 | 3,593,517 | 173,669 | 27,477,695 | 168,853 |
| **Deferred Outflows of Resources** | | | | | |
| Deferred refunding | - | - | - | - | - |
| Pension costs | 36,608 | 12,184 | 3,844 | 52,636 | |
| Total deferred outflows of resources | $ 36,608 | $ 12,184 | $ 3,844 | $ 52,636 | $ - |

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

# Lee County, Georgia
# Statement of Net Position
# Proprietary Funds
# June 30, 2016

| | Business Type Activities - Enterprise Funds | | | | Governmental Activity |
|---|---|---|---|---|---|
| | Utility Authority | Parks and Recreation Authority | Solid Waste Fund | Total | Internal Service Fund |
| **Liabilities** | | | | | |
| Current liabilities | | | | | |
| Accounts payable | $ 71,564 | $ 16,118 | $ 80 | $ 87,762 | $ 164,090 |
| Accrued expenses | 329,031 | 11,711 | 1,521 | 342,263 | - |
| Lines of credit | - | - | - | - | - |
| Customer deposits | 387,968 | - | - | 387,968 | - |
| Due to other governments | - | - | - | - | - |
| Due to other funds | 1,928,571 | 535,640 | 192 | 2,464,403 | 92,490 |
| Liabilities payable from restricted assets | - | - | - | - | - |
| Current portion of long - term debt | 1,015,625 | - | - | 1,015,625 | - |
| Total current liabilities | 3,732,759 | 563,469 | 1,793 | 4,298,021 | 256,580 |
| Noncurrent liabilities | | | | | |
| Long - term debt, net of current portion | 20,057,465 | 454,918 | - | 20,512,383 | - |
| Compensated absences | 54,776 | 18,563 | 7,080 | 80,419 | - |
| Net pension liability | 147,886 | 49,220 | 15,528 | 212,634 | - |
| Other liabilities - closure and post closure | - | - | 525,000 | 525,000 | - |
| Total liabilities | 23,992,886 | 1,086,170 | 549,401 | 25,628,457 | 256,580 |
| **Deferred Inflows of Resources** | | | | | |
| Deferred refunding | (154,552) | - | - | (154,552) | - |
| Unavailable revenue | - | - | - | - | - |
| Total deferred inflows of resources | (154,552) | - | - | (154,552) | - |
| **Net Position** | | | | | |
| Invested in capital assets | (2,190,293) | 3,064,587 | 167,944 | 1,042,238 | - |
| Restricted for debt service | - | - | - | - | - |
| Unrestricted | 2,099,076 | (545,056) | (539,832) | 1,014,188 | (87,727) |
| Total net position | $ (91,217) | $ 2,519,531 | $ (371,888) | $ 2,056,426 | $ (87,727) |

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

# Lee County, Georgia
## Statement of Revenues, Expenses, and Changes in Fund Net Position
## Proprietary Funds
## June 30, 2016

| | Business Type Activities - Enterprise Funds | | | | Governmental Activity |
|---|---|---|---|---|---|
| | Utility Authority | Parks and Recreation Authority | Solid Waste Fund | Total | Internal Service Fund |
| **Operating Revenues** | | | | | |
| Utility revenues | $ 3,562,815 | $ - | $ 133,772 | $ 3,696,587 | $ - |
| Charges for services | - | 643,930 | - | 643,930 | 3,891,451 |
| Miscellaneous | 117,454 | 1,430 | 238,182 | 357,066 | 2,500 |
| Intergovernmental | - | - | - | - | - |
| Total operating revenues | 3,680,269 | 645,360 | 371,954 | 4,697,583 | 3,893,951 |
| **Operating Expenses** | | | | | |
| Salaries and wages | 710,780 | 476,634 | 77,229 | 1,264,643 | - |
| Operating, administrative and maintenance | 1,069,956 | 300,949 | 166,774 | 1,537,679 | 3,523,794 |
| Depreciation | 1,085,162 | 101,782 | 849 | 1,187,793 | - |
| Total operating expenses | 2,865,898 | 879,365 | 244,852 | 3,990,115 | 3,523,794 |
| Operating income (loss) | 814,371 | (234,005) | 127,102 | 707,468 | 370,157 |
| **Non - Operating Income (Expenses)** | | | | | |
| Interest income | 19,533 | 110 | 60 | 19,703 | 207 |
| Interest expense | (957,890) | (23,516) | - | (981,406) | - |
| Debt issuance costs | (10,574) | - | - | (10,574) | - |
| Net decrease in the fair value of investments | 1,613 | - | - | 1,613 | - |
| Income (loss) before contributions and transfers | (132,947) | (257,411) | 127,162 | (263,196) | 370,364 |
| **Other** | | | | | |
| Transfers from other funds | 142,012 | - | 197,431 | 339,443 | - |
| Transfers to other funds | - | - | - | - | - |
| Change in net position | 9,065 | (257,411) | 324,593 | 76,247 | 370,364 |
| **Net position, beginning of year (restated)** | (100,282) | 2,776,942 | (696,481) | 1,980,179 | (458,091) |
| **Net position, end of year** | $ (91,217) | $ 2,519,531 | $ (371,888) | $ 2,056,426 | $ (87,727) |

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

# Lee County, Georgia
# Statement of Cash Flows
# Proprietary Funds
# June 30, 2016

| | Business Type Activities - Enterprise Funds | | | | Governmental Activity |
|---|---|---|---|---|---|
| | Utility Authority | Parks and Recreation Authority | Solid Waste Fund | Total | Internal Service Fund |
| **Cash Flows From Operating Activities** | | | | | |
| Cash received from customers and users | $ 3,465,176 | $ 648,147 | $ 133,772 | $ 4,247,095 | $ 3,893,951 |
| Other operating receipts | 117,454 | 1,850 | 234,472 | 353,776 | - |
| Cash payments to employees | (551,575) | (461,228) | (75,802) | (1,088,605) | - |
| Cash payments to suppliers | (1,097,575) | (296,918) | (399,154) | (1,793,647) | (3,551,112) |
| New customer utility deposits | 6,273 | - | - | 6,273 | - |
| Net cash provided (used) by operating activities | 1,939,753 | (108,149) | (106,712) | 1,724,892 | 342,839 |
| **Cash Flows From Noncapital Financing Activities** | | | | | |
| Transfers from other funds | 142,012 | - | 197,431 | 339,443 | - |
| Transfers to other funds | - | - | - | - | - |
| Net change in due from other funds | - | - | - | - | (26,669,049) |
| Net change in due from component unit | - | - | - | - | - |
| Net change in due to other funds | 135,299 | 188,657 | (92,509) | 231,447 | 26,180,384 |
| Net cash provided (used) by noncapital financing activities | 277,311 | 188,657 | 104,922 | 570,890 | (488,665) |
| **Cash Flows From Capital And Related Financing Activities** | | | | | |
| Change in deferred charges/refundings | (25,629) | - | - | (25,629) | - |
| Proceeds from issuance of long - term debt | - | 93,012 | - | 93,012 | - |
| Debt issuance costs | (10,574) | - | - | (10,574) | - |
| Proceeds from capital contributions | - | - | - | - | - |
| Acquisition and construction of capital assets | (71,089) | (170,951) | - | (242,040) | - |
| Principal payments on long - term debt | (712,231) | - | - | (712,231) | - |
| Interest paid | (957,890) | (23,516) | - | (981,406) | - |
| Net cash provided (used) by capital and related financing activities | (1,777,413) | (101,455) | - | (1,878,868) | - |
| **Cash Flows From Investing Activities** | | | | | |
| Sale of investment securities | - | - | - | - | - |
| Purchase of investments | (486,340) | - | - | (486,340) | - |
| Loan disbursements | - | - | - | - | - |
| Interest received | 21,146 | 111 | 60 | 21,317 | 207 |
| Net cash provided (used) by investing activities | (465,194) | 111 | 60 | (465,023) | 207 |
| Net increase (decrease) in cash and cash equivalents | (25,543) | (20,836) | (1,730) | (48,109) | (145,619) |
| **Cash and cash equivalents, beginning of year** | 3,708,122 | 43,403 | 5,588 | 3,757,113 | 147,661 |
| **Cash and cash equivalents, end of year** | $ 3,682,579 | $ 22,567 | $ 3,858 | $ 3,709,004 | $ 2,042 |

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

# Lee County, Georgia
# Statement of Cash Flows
# Proprietary Funds
# June 30, 2016

| | Business Type Activities - Enterprise Funds | | | | Governmental Activity |
|---|---|---|---|---|---|
| | Utility Authority | Parks and Recreation Authority | Solid Waste Fund | Total | Internal Service Fund |
| **Reconciliation of Net Operating Income to Net Cash Provided (Used) by Operating Activities** | | | | | |
| Operating income (loss) | $ 814,371 | $ (234,005) | $ 127,102 | $ 707,468 | $ 370,157 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation | 1,085,162 | 101,782 | 849 | 1,187,793 | - |
| New customer utility deposits | 6,273 | - | - | 6,273 | - |
| Changes in assets and liabilities: | | | | | |
| (Increase) decrease in: | | | | | |
| Accounts receivable | (18,351) | 4,217 | - | (14,134) | - |
| Inventories | - | 3,949 | - | 3,949 | - |
| Other current assets | - | (11,764) | (3,710) | (15,474) | - |
| Increase (decrease) in: | | | | | |
| Accounts payable | (27,619) | 502 | (62,647) | (89,764) | (27,318) |
| Accrued expenses | 79,917 | 27,170 | (168,306) | (61,219) | - |
| Net cash provided (used) by operating activities | $ 1,939,753 | $ (108,149) | $ (106,712) | $ 1,724,892 | $ 342,839 |
| **Non-Cash Capital and Related Financing Activities** | | | | | |
| Debt refinancing | - | - | - | - | - |
| Intergovernmental capital contribution | - | - | - | - | - |
| Total non-cash capital and related financing activities | $ - | $ - | $ - | $ - | $ - |

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

# Lee County, Georgia
# Statement of Fiduciary Net Position
# Fiduciary Funds
# June 30, 2015

| | 457 Deferred Compensation Plan | Pension Trust Fund | Agency Funds |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | $ - | $ - | $ 1,104,283 |
| Investments: | | | |
| Annuities | 682,613 | - | - |
| Receivables: | | | |
| Accounts receivable, net | - | - | 528,768 |
| Employer and employee's contribution | - | - | - |
| Accrued investment income | - | - | - |
| Other assets | - | - | - |
| Total assets | 682,613 | - | 1,633,051 |
| **Liabilities** | | | |
| Due to others | - | - | 1,633,051 |
| Total liabilities | - | - | 1,633,051 |
| **Net Position** | | | |
| Restricted for: | | | |
| Pension Benefits | $ 682,613 | $ - | $ - |

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

# Lee County, Georgia
## Statement of Changes in Fiduciary Net Position
## Fiduciary Funds
## June 30, 2016

| | 457 Deferred Compensation Plan | Pension Trust Fund |
|---|---|---|
| **Additions** | | |
| Contributions | | |
| Employer | $ 793,131 | $ - |
| Participants | - | - |
| Other | 259 | - |
| Total contributions | 793,390 | - |
| Investment income | | |
| Net appreciation in fair value of investments | - | - |
| Interest and dividends | 36,461 | 933 |
| Less - investment expenses | - | - |
| Net investment income | 36,461 | 933 |
| Total additions | 829,851 | 933 |
| **Deductions** | | |
| Net depreciation in fair value of investments | - | 4,725 |
| Pension benefits paid | 21,769 | 35,430 |
| Other payments | 113,266 | 255,982 |
| Administrative expenses | 12,203 | 585 |
| Total deductions | 147,238 | 296,722 |
| Net increase (decrease) | 682,613 | (295,789) |
| Net assets held in trust for pension benefits | | |
| Beginning of year | - | 295,789 |
| End of Year | $ 682,613 | $ - |

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### *Reporting Entity*

Lee County, Georgia operates under a five member Commission form of government. Commissioners serve staggered terms of four years. The Board elects its own chairman. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

*Blended Component Units*

The *Lee County Utility Authority* is a blended component unit. The data from this unit is combined with data of the primary government and reported as the Utility Authority enterprise fund. Separate financial statements for the Authority are not issued.

The *Lee County Parks and Recreation Authority* is a blended component unit. The data from this unit is combined with data of the primary government and reported as the Parks and Recreation Authority enterprise fund. Separate financial statements for the Authority are not issued.

The *Development Authority of Lee County* is a blended component unit. The component unit is a legally separate organization for which the County is financially accountable. The data from this unit is combined with data of the primary government and reported as a special revenue fund. Separate financial statements for the Development Authority of Lee County may be obtained at the entity's administrative office at 100 Starksville Rd Leesburg, GA 31763.

*Discretely Presented Component Unit*

The *Lee County Board of Health (Board)* provides healthcare services for the citizens of the County. The County Commissioners appoint a voting majority to the Board. The Board is presented as a governmental fund type. The financial data of the Board reflects their most recent audited financial statements. The fiscal year end of the Board is June 30. Complete financial statements for the component unit may be obtained at the entity's administrative offices.

***Government-Wide and Fund Financial Statements***

The government-wide financial statements (Statement of Net Position and Statement of Changes in Net Position) report information on all non-fiduciary activities of the primary government and its component units. As a general rule, 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 accountable.

The Statement of Activities demonstrates the degree to which 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 are reported as separate columns in the fund financial statements.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

*Government – Wide Financial Statements*
The County's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type activities for the County. Fiduciary activities of the County are not included in these statements.

These statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The fiduciary fund financial statements are presented on the accrual basis. Accordingly, all the County's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services to customers who directly benefit from goods, services, or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function, and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated. Governmental activities, which are normally 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.

*Fund Financial Statements*

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue, and charges for services. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Fines are not susceptible to accrual because, generally, they are not measurable until received in cash. The County considers revenues to be available if they are collected within 60 days after year end.

The County reports the following major governmental funds:

The *General Fund* is the principal fund of the County and is used to account for all of its activities not otherwise accounted for by a specified fund.

The *1% SPLOST V BONY Advance Capital Projects Fund* is used to account for the general obligation sales tax bonds, series 2007, used to finance a portion of the capital projects of the special purpose local option sales tax which was approved by the voters for a six year period effective October 1, 2007 through September 30, 2013.

The *1% SPLOST V Tax Proceeds Capital Projects Fund* is used to account for the capital projects financed from the special purpose local option sales tax which was approved by the voters for a six year period effective October 1, 2007 through September 30, 2013.

The *1% SPLOST VI Capital Projects Fund* used to account for the capital projects financed from the special purpose local option sales tax which was approved by the voters for a six year period effective October 1, 2016 through September 30, 2019.

The County reports the following major proprietary funds:

The *Utility Authority Fund* accounts for the activities of the Lee County Utility Authority. The Authority operates a water and sewer system for the County.

*Proprietary Funds* are reported using the *economic resources measurement focus* and the *accrual basis of accounting* and are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for 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.

*Enterprise Funds* account for activities that are usually self-sustaining, principally through user charges for services rendered.

The *Solid Waste Fund* accounts for the activities of the county's inert waste landfill.

The *Parks and Recreation Authority* accounts for the activities of the Grand Island Golf Complex, a recreational facility owned by the County.

Additionally the County reports the following fund types:

*Special Revenue Funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The *Internal Service Fund* accounts for the costs of the County's medical benefit plan provided to other departments and agencies of the County.

*Fiduciary Funds* are reported using the *economic resources measurement focus* and the *accrual basis of accounting* and are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. The County utilizes the following fiduciary funds:

*Agency Funds* are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and the County departments.

The *Pension Trust Fund* accounts for the activities of the government's defined benefit pension plan.

The 457 *Deferred Compensation Plan accounts for the activities of the government's deferred compensation plan.*

*Discretely Presented Component Unit*: The discretely presented component unit is reported using the *economic resources measurement focus basis* and the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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.

*Cash and Investments*
Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents, and investments with an original maturity of three months or less.

Statutes authorize the County to invest in obligations of the U.S. Treasury, other U.S. Government agencies, the State of Georgia, other counties, municipal corporations and political subdivisions of the State of Georgia, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. The fair values of investments in external investment pools are the same as the value of the pool shares.

*Receivables*
Receivables and Due from Other Governments represent funds to be received from other local governments, state grant in aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables. All amounts due from other governments are considered collectible in full.

Outstanding balances between funds at the end of the fiscal year are referred to as either "Due From Other Funds" or "Due To Other Funds".

All trade and property tax receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

*Inventories*
Inventories are valued at cost using the first-in/first-out (FIFO) method in the Parks and Recreation Authority fund. The costs of inventories are recorded as expenditures when purchased in all other funds.

*Prepaid Items*
Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

*Restricted Assets*
Proceeds from certain revenues and other resources in the General Fund, Special Revenue Funds, and Capital Projects Funds are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable statutes or agreements.

*Capital Assets*
Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost which exceeds certain capitalization thresholds and has an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the County chose to include all such items regardless of their acquisition date or amount. As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical costs. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of assets constructed. No interest expense was capitalized during the fiscal year ending June 30, 2016.

Property, plant and equipment of the primary government and the discretely presented component unit are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Capitalization Thresholds | Estimated Service Life in Years |
|---|---|---|
| Primary Government | | |
| Buildings | $ 10,000 | 25-50 |
| Machinery and equipment | 5,000 | 5-15 |
| Improvements | 5,000 | 10-20 |
| Infrastructure | 25,000 | 15-50 |
| Water & sewer systems | 5,000 | 15-50 |
| Board of Health | | |
| Machinery and equipment | 5,000 | 5-7 |

*Deferred Outflows of Resources*
Deferred outflows of resources represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two types of items that qualify for reporting in this category – the retirement contribution for the current year and advanced debt refundings, the difference between the net carrying amount of the redeemed debt and the reacquisition price of the new debt.

*Deferred Inflows of Resources*
In addition to liabilities, the County will sometimes report 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The County has three types of items that qualify for reporting in this category. Unavailable revenue is reported only in the government funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In current debt refundings, the County defers the difference between the net carrying amount of the redeemed debt and the reacquisition price of the new debt.

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

*Long-Term Obligations, Debt Premiums and Discounts*
In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Debt premiums and discounts are netted against debt payable. On the government-wide financial statements, unamortized debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. At the government fund reporting level, debt premiums and discounts are reported as other financing sources separately from the face amount of the debt issued.

*Fund Equity*
Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as net position. GASB Statement 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes which are imposed by a formal action of the County Commission through adoption of a resolution. Only the County Commission may modify or rescind the commitment;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the County to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the County that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

*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 and 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.

*Subsequent Events*
Subsequent events were evaluated through December 28, 2016, which is the date the financial statements were available to be issued.

*Adoption of Accounting Pronouncement*
The County adopted *GASB Statement No. 68 Accounting and Financial Reporting of Pensions* – an amendment to *GASB Statement No. 27.* The objective of this statement is to improve decision-usefulness of information in employer entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring the recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability will also be enhanced through new note disclosures and required supplementary information.

## NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

### *Budget Process*

The annual budget document is the financial plan for the operation of the County. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the County's financial position. An annual operating budget is prepared for the General Fund and Special Revenue Funds.

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

1) Prior to June 30, the County Administrator submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2) Public notice of budget and tax proposals is provided in conformance with Georgia law.
3) Public hearings are conducted to obtain taxpayer comments.
4) Prior to June 30, the budget is formally adopted.
5) Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

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

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

### *Capital Projects Budget*

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

***Excess of Expenditures Over Appropriations in the General Fund***

The following General Fund departments incurred actual expenditures in excess of budgeted amounts for the year ended June 30, 2016:

| Department | Excess of Expenditures Over Budgeted Amounts |
|---|---|
| Court system | $ 25,134 |
| Housing and development | 187,877 |
| Interest expense | 6,295 |
| Transfers to other funds | 905,190 |

The excess of actual expenditures over appropriations was funded by available fund balance of the General Fund.

***Excess of Expenditures Over Appropriations in Individual Funds***

The following funds incurred actual expenditures in excess of budgeted amounts for the year ended June 30, 2016:

| Department | Excess of Expenditures Over Budgeted Amounts |
|---|---|
| Law Library | $ 17 |
| E-911 Fund | 28,414 |
| Development Authority | 261,673 |
| Community Foundation Fund | 12,444 |
| Building Inspection | 410 |

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Total deposits and investments as of June 30, 2016, are summarized as follows:

| | |
|---|---|
| Primary Government | |
| Amounts as presented on the entity-wide Statement of Net Position: | |
| Cash and cash equivalents | $ 6,202,881 |
| Investments | 4,794,926 |
| Restricted cash and cash equivalents | 1,179,089 |
| Restricted investments | 1,079,033 |
| Amounts as presented on the Statement of Fiduciary Net Position: | |
| Cash | 1,104,283 |
| Investments | 682,613 |
| Total | $15,042,825 |
| Deposits with financial institutions | $ 9,979,227 |
| Deposits with Georgia Fund 1 | 4,380,985 |
| Annuities | 682,613 |
| Total | $15,042,825 |
| Lee County Board of Health: | |
| Cash and cash equivalents | $ 349,216 |
| Cash deposited with financial institutions | $ 349,216 |

The County does not have a formal investment policy for interest rate, credit, concentration of credit, or custodial credit risks. As of June 30, 2016 the credit rating for the County's investment in mutual funds was unavailable.

*Credit risk.* The County's investments in Georgia Fund 1 are rated AAAm (Standard & Poor's). Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. However, the State of Georgia Office of Treasury operates Georgia Fund 1 in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and it is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and

determines participant's shares sold and redeemed based on $1.00 per share. Other investments in debt securities which require disclosure of credit ratings were not rated.

*Custodial credit risk – investments.* Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligation of the U.S. government, or bonds of public authorities, counties, or municipalities.

*Custodial credit risk – deposits.* In the case of deposits, this 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 depositor insurance, obligation of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2016, the County's bank balance was not exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

**NOTE 4 – RECEIVABLES AND TAX REVENUE**

***Property Tax***

Property taxes are levied on property values assessed as of January 1. State law requires that property taxes be based on assessed value, which is 40% of market value. The levy date and payment due date for fiscal year 2016 property taxes were July 30, 2015 and December 20, 2015, respectively. The billings are considered past due 60 days after the billing date and penalties and interest are assessed. The applicable property is subject to lien after the billings are 90 days delinquent.

Upon completion of all assessments and tax returns, the information is turned over to the Lee County Tax Commissioner for completion of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval.

The Lee County Tax Commissioner distributes tax notices and collects tax payments. Collections of the county taxes and remittance of them to the appropriate fund or government are accounted for in the Tax Commissioner Agency Fund.

***Receivables***

Receivables as of June 30, 2016 for the County's individual major funds, nonmajor funds, and fiduciary funds in the aggregate are as follows:

| | General Fund | 1% SPLOST VI Capital Projects Fund | 1% SPLOST V Tax Proceeds Capital Projects Fund | Nonmajor Governmental and Other Funds |
|---|---|---|---|---|
| Accounts receivable | $ 1,655,505 | $ - | $ - | $ 61,628 |
| Property tax receivable | 341,280 | - | - | - |
| Sales tax receivable | | 761,611 | - | - |
| Due from other governments | 458,324 | - | - | 510 |
| Gross receivables | 2,455,109 | 761,611 | - | 62,138 |
| Less: | | | | |
| Allowance for uncollectibles | (1,184,907) | - | - | - |
| Net total receivables | $ 1,270,202 | $ 761,611 | $ - | $ 62,138 |

| | Utility Authority | Parks and Recreation Authority | Solid Waste Fund | Total |
|---|---|---|---|---|
| Accounts receivable | $ 225,057 | $ 204,632 | $ 1,299 | $ 2,148,121 |
| Property tax receivable | - | - | - | 341,280 |
| Sales tax receivable | - | - | - | 761,611 |
| Due from other governments | - | - | - | 458,834 |
| Gross receivables | 225,057 | 204,632 | 1,299 | 3,709,846 |
| Less: | | | | |
| Allowance for uncollectibles | (158,957) | (166,271) | - | (1,510,135) |
| Net total receivables | $ 66,100 | $ 38,361 | $ 1,299 | $ 2,199,711 |

## NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

### *Interfund Receivables and Payables*

Generally, outstanding balances between funds include outstanding charges by one fund to another for services or goods and other miscellaneous receivables and payables between funds. The composition of interfund receivables and payables as of June 30, 2016 is as follows:

| | Due From | | | | |
|---|---|---|---|---|---|
| Due To | General Fund | 1% SPLOST V BONY Advance Capital Projects Fund | 1% SPLOST V Tax Proceeds Capital Projects Fund | 1% SPLOST VI Capital Projects Fund | Nonmajor Governmental Funds |
| General Fund | $ - | $ 339,697 | $ 27,335 | $ - | $ 55 |
| 1% SPLOST V BONY Advance Fund | - | - | 862,546 | - | - |
| 1% SPOST V Tax Proceeds Fund | - | - | - | - | - |
| Nonmajor Governmental Funds | - | - | - | - | - |
| Utility Authority | - | - | - | - | - |
| Parks and Recreation Authority | - | - | - | - | - |
| Solid Waste Fund | - | - | - | - | - |
| Internal Service Fund | - | - | - | - | - |
| Total | $ - | $ 339,697 | $ 889,881 | $ - | $ 55 |

| | Due From | | | | |
|---|---|---|---|---|---|
| Due To | Utility Authority | Parks and Recreation Authority | Solid Waste Fund | Internal Service Fund | Total |
| General Fund | $ 1,928,571 | $ 368,829 | $ 192 | $ 92,490 | $ 2,757,169 |
| 1% SPLOST V BONY Advance Fund | - | - | - | - | 862,546 |
| 1% SPOST V Tax Proceeds Fund | - | - | - | - | - |
| Nonmajor Governmental Funds | - | - | - | - | - |
| Utility Authority | - | - | - | - | - |
| Parks and Recreation Authority | - | - | - | - | - |
| Solid Waste Fund | - | - | - | - | - |
| Internal Service Fund | - | 166,811 | - | - | 166,811 |
| Total | $ 1,928,571 | $ 535,640 | $ 192 | $ 92,490 | $ 3,786,526 |

If a government finances a capital project from multiple funding sources and SPLOST is one of the funding sources, the SPLOST fund must be used for the total financing of the project. At June 30, 2016 amounts payable from the SPLOST Funds to the General Fund for SPLOST capital projects were $367,032. These balances will be settled by future revenues.

***Interfund Transfers***

Interfund transfers are used to move revenues from the fund that the Statute or budget requires to collect them to the fund that the Statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2016 consisted of the following:

| | Transfer To | | | |
|---|---|---|---|---|
| Transfer From | General Fund | 1% SPLOST V BONY Advance Capital Projects Fund | 1% SPLOST V Tax Proceeds Capital Projects Fund | Nonmajor Governmental Funds |
| General Fund | $ - | $ - | $ - | $ 991,542 |
| 1% SPLOST BONY Advance Fund | - | - | - | - |
| 1% SPOST V Tax Proceeds Fund | - | - | - | - |
| Nonmajor Governmental Funds | 45,088 | - | - | - |
| Utility Authority | - | - | - | - |
| Parks and Recreation Authority | - | - | - | - |
| Solid Waste Fund | - | - | - | - |
| Internal Service Fund | - | - | - | - |
| Total | $ 45,088 | $ - | $ - | $ 991,542 |

| | Transfer To | | | |
|---|---|---|---|---|
| Transfer From | Utility Authority | Solid Waste Fund | Internal Service Fund | Total |
| General Fund | $ 142,012 | $ 197,431 | $ - | $ 1,330,985 |
| 1% SPLOST BONY Advance Fund | - | - | - | - |
| 1% SPOST V Tax Proceeds Fund | - | - | - | - |
| Nonmajor Governmental Funds | - | - | - | 45,088 |
| Utility Authority | - | - | - | - |
| Parks and Recreation Authority | - | - | - | - |
| Solid Waste Fund | - | - | - | - |
| Internal Service Fund | - | - | - | - |
| Total | $ 142,012 | $ 197,431 | $ - | $ 1,376,073 |

## NOTE 6 – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended June 30, 2016:

***Primary Government***

*Governmental activities:*

| | Balance June 30, 2015 | Increases | Decreases | Transfers | Balance June 30, 2016 |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land | $ 3,377,163 | $ - | $ - | $ - | $ 3,377,163 |
| Construction in progress | 7,422,969 | 1,099,366 | - | (3,455,043) | 5,067,292 |
| Total capital assets not being depreciated | 10,800,132 | 1,099,366 | - | (3,455,043) | 8,444,455 |
| Other capital assets: | | | | | |
| Buildings | 18,281,059 | - | - | - | 18,281,059 |
| Infrastructure | 68,732,072 | - | - | 3,455,043 | 72,187,115 |
| Improvements other than buildings | 1,625,457 | - | - | - | 1,625,457 |
| Machinery and equipment | 11,078,172 | 841,507 | - | - | 11,919,679 |
| Total other capital assets at cost | 99,716,760 | 841,507 | - | 3,455,043 | 104,013,310 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (6,483,130) | (376,444) | - | - | (6,859,574) |
| Infrastructure | (51,223,691) | (1,743,307) | - | - | (52,966,998) |
| Improvements other than buildings | (910,839) | (82,267) | - | - | (993,106) |
| Machinery and equipment | (9,446,943) | (453,980) | - | - | (9,900,923) |
| Total accumulated depreciation | (68,064,603) | (2,655,998) | - | - | (70,720,601) |
| Other capital assets, net | 31,652,157 | (1,814,491) | - | 3,455,043 | 33,292,709 |
| Governmental activities capital assets, net | $ 42,452,289 | $ (715,125) | $ - | $ - | $ 41,737,164 |

*Business-type activities:*

| | Balance June 30, 2014 | Increases | Decreases | Transfers | Balance June 30, 2015 |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land | $ 2,776,762 | $ - | $ - | $ - | $ 2,776,762 |
| Construction in progress | - | - | - | - | - |
| Total capital assets not being depreciated | 2,776,762 | - | - | - | 2,776,762 |
| Other capital assets: | | | | | |
| Buildings and infrastructure | 34,460,486 | - | - | - | 34,460,486 |
| Improvements other than buildings | 399,687 | - | - | - | 399,687 |
| Machinery and equipment | 1,415,206 | 242,039 | - | - | 1,657,245 |
| Total other capital assets at cost | 36,275,379 | 242,039 | - | - | 36,517,418 |
| Less accumulated depreciation for: | | | | | |
| Buildings and infrastructure | (14,270,654) | (1,073,303) | - | - | (15,343,957) |
| Improvements other than buildings | (192,606) | (36,685) | - | - | (229,291) |
| Machinery and equipment | (1,072,881) | (77,805) | - | - | (1,150,686) |
| Total accumulated depreciation | (15,536,141) | (1,187,793) | - | - | (16,723,934) |
| Other capital assets, net | 20,739,238 | (945,754) | - | - | 19,793,484 |
| Business-type activities capital assets, net | $ 23,516,000 | $ (945,754) | $ - | $ - | $ 22,570,246 |

Depreciation expense was charged to functions as follows:

| | | |
|---|---|---|
| Governmental Activities | | |
| General government | $ | 209,396 |
| Judicial | | 24,806 |
| Public safety | | 550,085 |
| Public works | | 1,779,278 |
| Health and welfare | | 13,594 |
| Culture and recreation | | 66,291 |
| Housing and development | | 12,549 |
| Total government activities depreciation expense | $ | 2,655,998 |
| Business-type activities | | |
| Utility Authority | $ | 1,085,162 |
| Parks and Recreation Authority | | 101,782 |
| Solid Waste | | 849 |
| Total buiness-type activities depreciation expense | $ | 1,187,793 |

*Component Units*

Capital asset activity for the Lee County Board of Health, a discretely presented component unit, for the year ended June 30, 2016 is as follows:

*Governmental activities:*

| | Balance June 30, 2015 | Increases | Decreases | Transfers | Balance June 30, 2016 |
|---|---|---|---|---|---|
| Other capital assets: | | | | | |
| Building improvements | $ 32,595 | $ - | $ - | $ - | $ 32,595 |
| Equipment | 6,222 | | - | - | 6,222 |
| Total other capital assets at cost | 38,817 | - | - | - | 38,817 |
| Total accumulated depreciation | (9,137) | (1,725) | - | - | (10,862) |
| Governmental activities capital assets, net | $ 29,680 | $ (1,725) | $ - | $ - | $ 27,955 |

**NOTE 7 – DEFICIT FUND BALANCES AND NET POSITION**

The following funds reported deficit fund balances or net position at June 30, 2016:

| Fund | Deficit Balance at June 30, 2016 |
|---|---|
| 1% SPLOST V Tax Proceeds | $ 899,038 |
| Building Inspection Fund | 176 |
| Solid Waste Fund | 371,888 |
| Internal Service Fund | 87,727 |

These deficits will be eliminated through future collections of tax revenue, customer receipts and increased transfers from the General Fund.

**NOTE 8 – LONG TERM DEBT**

***General Obligation Bonds***

The County's general obligation bonds outstanding at June 30, 2016, are as follows:

| Description | Original Amount | Interest Rate | Due Date | Amount |
|---|---|---|---|---|
| Lee County General Obligation Sales Tax Bonds Series 2011 | $ 3,350,000 | 2.00 - 5.00% | 2019 | $ 1,740,000 |
| | | | | 1,740,000 |
| | | | Unamortized Discount/premium/loss | 61,541 |
| | | | Less current portion | (565,000) |
| | | | | $ 1,236,541 |

On June 28, 2011, the County issued $3,350,000 in series 2011 general obligation sales tax bonds to finance certain capital outlay projects. Interest is payable semiannually on April 1 and October 1 at varying rates ranging from 2 percent to 5 percent beginning October 1, 2011 through 2019. Principal is paid on October 1 of each year beginning 2014.

General obligation bond debt service requirements to maturity are as follows:

| Fiscal Year Ending, | Principal | Interest | Total |
|---|---|---|---|
| 2017 | $ 565,000 | $ 63,988 | $ 628,988 |
| 2018 | 580,000 | 38,450 | 618,450 |
| 2019 | 580,000 | 38,450 | 618,450 |
| 2020 | 15,000 | 4,237 | 19,237 |
| 2012 | - | - | - |
| | $ 1,740,000 | $ 145,125 | $ 1,885,125 |

***Revenue Bonds***

*Series 2010 Bonds*

On June 24, 2010, the Lee County Utilities Authority issued $22,070,000 revenue bonds, (the "Series 2010 Bonds") for the purpose of (a) refunding the Prior Bonds and the GEFA Loan, (b) acquiring, constructing, installing and equipping the Series 2010 Projects, (c) funding a debt service reserve fund for the Series 2010 Bonds and (d) paying the costs of issuing the Series Bonds. The Series 2010 Bonds shall bear interest (based on a 360 day year comprised of twelve, thirty day months) from the Interest Payment Date next preceding their date of authentication to which interest has been paid at rates per annum not to exceed 6% per annum. The interest shall be payable February 1 and August 1 of each year, commencing February 1, 2011, and the principal shall mature on the 1st day of August on or before August 1, 2032. The maximum annual debt service on the Series 2010 Bonds in any Sinking Fund year shall not exceed $2,500,000.

| Description | Original Amount | Interest Rate | Due Date | Amount |
|---|---|---|---|---|
| Lee County Utilities Authority | | | | |
| Revenue Bonds Series 2010 | $ 22,070,000 | 2.0-5.0% | 2033 | $ 11,075,000 |
| | | | | 11,075,000 |
| | | | Less current portion | (650,000) |
| | | | | $ 10,425,000 |

The Series 2010 Bonds debt service requirements to maturity are as follows:

| Fiscal Year Ending, | Principal | Interest | Total |
|---|---|---|---|
| 2017 | $ 650,000 | $ 422,148 | $ 1,072,148 |
| 2018 | 700,000 | 401,898 | 1,101,898 |
| 2019 | 800,000 | 375,398 | 1,175,398 |
| 2020 | 820,000 | 339,998 | 1,159,998 |
| 2021 | 855,000 | 303,498 | 1,158,498 |
| 2022-2026 | 3,160,000 | 1,103,627 | 4,263,627 |
| 2027-2031 | 2,805,000 | 575,130 | 3,380,130 |
| 2032-2036 | 1,285,000 | 56,126 | 1,341,126 |
| | $ 11,075,000 | $ 3,577,823 | $ 14,652,823 |

***Series 2015 Bonds***

On April 28, 2015, the Lee County Utilities Authority issued $9,595,000 in revenue bonds which consisted of the 2015A Bonds and its Taxable Revenue Bonds, Series 2015B. The proceeds derived from the sale of the Series 2015A Bonds will be used by the Authority for the purpose of (a) financing the acquisition, construction, installation and equipping certain improvements to the System (the "Series 2015 Project"), (b) refunding a portion of the Authority's outstanding Series 2010 Bonds maturing on August 1, 2022 through August 1, 2032, (the "Refunded Bonds"), (c) prepaying a promissory note executed by the Authority in favor of the Georgia Environmental Finance Authority (the "GEFA Note") and (d) paying a portion of the costs of issuing the Series 2015A Bonds. Interest on the Series 2015 Bonds is payable semiannually on February 1 and August 1 of each year commencing August 1, 2015.

| Description | Original Amount | Interest Rate | Due Date | Amount |
|---|---|---|---|---|
| Lee County Utilities Authority | | | | |
| Revenue Bonds Series 2015 A | $ 8,415,000 | 3.7-4.35% | 2032 | $ 8,415,000 |
| | | | | 8,415,000 |
| | | | Unamortized premium | 365,625 |
| | | | | $ 8,780,625 |

The Series 2015A Bonds debt service requirements to maturity are as follows:

| Fiscal Year Ending, | Principal | Interest | Total |
|---|---|---|---|
| 2017 | $ - | $ 343,226 | $ 343,226 |
| 2018 | - | 343,226 | 343,226 |
| 2019 | - | 343,226 | 343,226 |
| 2020 | - | 343,226 | 343,226 |
| 2021 | - | 343,226 | 343,226 |
| 2022-2026 | 2,105,000 | 1,604,521 | 3,709,521 |
| 2027-2031 | 4,320,000 | 889,052 | 5,209,052 |
| 2032-2036 | 1,990,000 | 87,168 | 2,077,168 |
| | $ 8,415,000 | $ 4,296,871 | $ 12,711,871 |

| Description | Original Amount | Interest Rate | Due Date | Amount |
|---|---|---|---|---|
| Lee County Utilities Authority | | | | |
| Revenue Bonds Series 2015 B | $ 1,180,000 | 2.0-2.4% | 2021 | $ 1,180,000 |
| | | | | 1,180,000 |
| | | | Less current portion | (175,000) |
| | | | | $ 1,005,000 |

The Series 2015B Bonds debt service requirements to maturity are as follows:

| Fiscal Year Ending, | Principal | Interest | Total |
|---|---|---|---|
| 2017 | $ 175,000 | $ 23,252 | $ 198,252 |
| 2018 | 160,000 | 19,902 | 179,902 |
| 2019 | 165,000 | 16,652 | 181,652 |
| 2020 | 170,000 | 13,302 | 183,302 |
| 2021 | 255,000 | 8,861 | 263,861 |
| 2022-2026 | 255,000 | 3,060 | 258,060 |
| 2027-2031 | - | | - |
| 2032-2036 | - | | - |
| | $ 1,180,000 | $ 85,029 | $ 1,265,029 |

***Other Long-Term Debt***

During 2013, the Development Authority of Lee County issued notes payable for land acquisitions. The current note with an original amount of $2,122,617 bears interest at 2.85% with semi-annual installments of $261,230 each, through December 2018, with a balloon payment of $1,045,817 due December 31, 2018. The balance outstanding as June 30, 2016 was $1,490,952.

Debt service requirements to maturity are as follows:

| Fiscal Year Ending, | Principal | Interest | Total |
|---|---|---|---|
| 2017 | $ 218,738 | $ 42,492 | $ 261,230 |
| 2018 | 224,972 | 36,258 | 261,230 |
| 2019 | 1,047,242 | 32,192 | 1,079,434 |
| 2020 | - | - | - |
| 2021 | - | - | - |
| | $ 1,490,952 | $ 110,942 | $ 1,601,894 |

The Lee County Parks & Recreation Authority refinanced a note payable at Colony Bank to fund renovations at the golf course. The current note is dated May 5, 2015 with an original amount of $212,541 with an interest rate of 2.75%. The total balance outstanding as of June 30, 2016 was $194,286.

Notes payable debt service requirements to maturity are as follows:

| Fiscal Year Ending, | Principal | Interest | Total |
|---|---|---|---|
| 2017 | $ 19,341 | $ 5,042 | $ 24,383 |
| 2018 | 19,880 | 4,504 | 24,384 |
| 2019 | 20,433 | 3,950 | 24,383 |
| 2020 | 21,003 | 3,381 | 24,384 |
| 2021 | 21,587 | 2,796 | 24,383 |
| 2022-2026 | 92,042 | 5,004 | 97,046 |
| | $ 194,286 | $ 24,677 | $ 218,963 |

The Lee County Utility Authority received a $740,000 loan from Sumter Electric Membership Corporation, the recipient of a USDA Rural Economic Development Loan, to be used for the sewer extension along U.S. Highway 82. The note will be repaid in monthly installments of $7,708 over an eight year period, with no interest, beginning two years after May 8, 2007, the date of the note. The total amount outstanding as of June 30, 2016 was $77,108. The County has recognized imputed interest at a rate of 4.15 percent on the loan.

Lee County Utility Authority loan payable debt service requirements to maturity are as follows:

| Fiscal Year Ending, | Principal | Interest | Total |
|---|---|---|---|
| 2017 | $ 77,108 | $ 1,460 | $ 78,572 |
| 2018 | - | - | - |
| 2019 | - | - | - |
| 2020 | - | - | - |
| 2021 | - | - | - |
| | $ 77,108 | $ 1,460 | $ 78,572 |

***Capital Leases***

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

The future minimum lease payments in total for each of the next five years, including principal and interest are presented as follows.

| Fiscal Year Ending, | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| 2017 | $ 144,442 | $ 96,069 | $ 240,511 |
| 2018 | 379,668 | 71,140 | 450,808 |
| 2019 | 204,000 | 36,241 | 240,241 |
| 2020 | 474,920 | 36,241 | 511,161 |
| 2021 | - | 36,241 | 36,241 |
| Total minimum lease payments | 1,203,030 | 275,932 | 1,478,962 |
| Less amount representing interest | (259,271) | (15,302) | (274,573) |
| Present value of future minimum lease payments | $ 943,759 | $ 260,630 | $ 1,204,389 |

The following is an analysis of equipment leased under capital leases as of June 30, 2015:

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Equipment | $ 1,157,957 | $ 305,087 | $ 1,463,044 |
| Less accumulated depreciation | (539,526) | (134,136) | (673,662) |
| Carrying value | $ 618,431 | $ 170,951 | $ 789,382 |

Amortization expense for the year ended June 30, 2016 was $72,913.

***Changes in Long-Term Liabilities***

Long-term liability activity for the year ended June 30, 2016, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| *Governmental activities:* | | | | | |
| General obligation bonds | $ 2,290,000 | $ - | $ (550,000) | $ 1,740,000 | $ 565,000 |
| Unamortized premium | 83,261 | - | (21,720) | 61,541 | - |
| Total bonds payable | 2,373,261 | - | (571,720) | 1,801,541 | 565,000 |
| Notes payable | 1,701,664 | - | (210,712) | 1,490,952 | 218,738 |
| Capital leases | 1,083,149 | - | (139,390) | 943,759 | 136,266 |
| Compensated absences | 811,820 | 53,274 | - | 865,094 | - |
| Total Governmental activities long-term liabilities | $ 5,969,894 | $ 53,274 | $ (921,822) | $ 5,101,346 | $ 920,004 |

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| *Business-type activities:* | | | | | |
| Revenue bonds | $ 21,305,000 | $ - | $ (635,000) | $ 20,670,000 | $ 825,000 |
| Add: Premium | 390,000 | - | (24,375) | 365,625 | - |
| Less: Unamortized discount | - | - | - | - | - |
| Total bonds payable | 21,695,000 | - | (659,375) | 21,035,625 | 825,000 |
| Notes payable | 382,616 | - | (111,219) | 271,397 | 96,449 |
| Less: Unamortized discount | (79,288) | - | 39,644 | (39,644) | - |
| Total notes payable | 303,328 | - | (71,575) | 231,753 | 96,449 |
| Capital leases | 148,898 | 170,951 | (59,219) | 260,630 | 94,176 |
| Customer deposits | 381,695 | 6,273 | - | 387,968 | - |
| Closure and post closure costs | 700,059 | - | (175,059) | 525,000 | - |
| Compensated absences | 72,292 | 8,127 | - | 80,419 | - |
| Total Business-type activities long-term liabilities | $ 23,301,272 | $ 185,351 | $ (965,228) | $ 22,521,395 | $ 1,015,625 |

Compensated absences are liquidated by the General Fund and Enterprise funds for which the liability is incurred.

**NOTE 9 – RESTRICTIONS OF FUND BALANCES**

In the governmental fund financial statements, fund balances consist of restricted and unassigned amounts. Restrictions of fund balances represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unassigned.

Fund balance restrictions at June 30, 2016 include:

***Special Revenue Funds***

| | |
|---|---|
| Reserve for restricted purposes to reflect resources legally restricted for specific purposes | $ 1,351,562 |

***Capital Projects Funds***

| | |
|---|---|
| Reserve for specific purposes to reflect resources funded by Special Purpose Local Option Sales Tax and Federal grants | $ 3,940,131 |

**NOTE 10 – BENEFIT PLANS**

***Primary Government***

*Closed Single-Employer Defined Benefit Plan*

The County adopted a defined benefit pension plan on April 2, 1986, which became effective July 1, 1986. This single-employer plan was funded solely by the County and employee contributions were not permitted. Effective June 1, 1997, the County converted from that particular plan. Under the conversion, all current and future eligible employees were enrolled in a different defined benefit plan. Employees were given credit for the present value of their accrued benefits in the defined benefit plan at conversion. This particular plan was retained for eleven retirees already receiving or eligible to receive benefits and who did not elect to convert to the defined benefit plan.

During the year ended June 30, 2016 the plan was terminated and the assets of the plan were disbursed according to plan provisions.

***457 Deferred Compensation Plan***

Under IRC Section 457(g), all assets attributable the 457 Plan Deferred Compensation Fund are held in trust for the exclusive benefit of the participants and their beneficiaries.

***Georgia Firefighters' Pension Fund***

Plan Description:

The Georgia Firefighters' Pension Fund (GFPF) is a cost-sharing multiple employer defined benefit created by the General Assembly of Georgia to provide retirement benefits to firefighters. Members of the GFPF are employed by units of government throughout the state of Georgia. Detailed information about the benefits provided to members is available in the separately issued GFPF financial report which is publicly available.

Actuarial Assumptions:

The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2015. The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.00% |
| Salary increases | n/a |
| Investment rate of return | 6.00% |
| Mortality rates | RP-2000, Combined |

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected nominal 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.

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability:

At June 30, 2016, the County did not have a liability for a proportionate share of the net pension liability of the GFPF because of the related support from the State of Georgia. The amount of the State's

proportionate share of the net pension liability associated with the County was $117,221 as of June 30, 2016.

Pension Expense:
For the year ended June 30, 2016, the County recognized pension expense related to the GFPF of $7,067 and revenue of $7,067 for support provided by the State of Georgia.

***Peace Officers' Annuity and Benefit Fund of Georgia***

Plan Description:

The Peace Officers' Annuity and Benefit Fund of Georgia (POABFG) is a cost-sharing multiple employer defined benefit created in 1950 by the General Assembly of Georgia to provide retirement benefits to peace officers. Members of the POABFG are employed by units of government throughout the State of Georgia. The employers of the POABFG's members do not make contributions to the POABFG. The State of Georgia provides nonemployer contributions to the POABFG through the collection of court fines and forfeitures. Detailed information about the benefits provided to members is available in the separately issued POABFG financial report which is publicly available.

Actuarial Assumptions:

The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of that date. The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.00% |
| Salary increases | n/a |
| Investment rate of return | 7.00% |
| Mortality rates | RP-2014 |

The long-term expected rate of return on pension plan investments was calculated by the POABFG's investment manager as 6.66% using a Monte Carlo simulation in which best estimate ranges of expected future real rates of return (expected nominal 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. The POABFG's administrator determined that 7.00% was a reasonable assumption for the long-term rate of return on plan assets based on the calculation by the POABFG's investment manager.

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes revenues will remain level. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability:

At June 30, 2016, the County did not have a liability for a proportionate share of the net pension liability (asset) of the POABFG because of the related support from the State of Georgia. The amount of the State's proportionate share of the net pension liability (asset) associated with the County was $15,120 as of June 30, 2016.

Pension Expense:

For the year ended June 30, 2016, the County recognized pension expense related to the POABFG of $5,708 and revenue of $5,708 for support provided by the State of Georgia.

***ACCG Defined Benefit Plan***

*Plan Description*

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Lee County Employees (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability and death benefits to plan participants and beneficiaries. The plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan, administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG 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 Association of County Commissioners Deferred Benefit Plan issues a publically available financial report that includes financial statements and required supplementary information for the statewide plan. That report may be obtained by contacting the Pension Service Company at 1100 Circle 75 Parkway, Suite 320, Atlanta, GA 30339.

All full-time County employees are eligible to participate in the Plan on the employee's employment commencement date. Benefits are fully vested after five years of service. Participants become eligible to retire at age 65 or 5 years of vesting service. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.50% of Average Annual Compensation multiplied by years of Credited Service. The plan also provides benefits in the event of death or disability.

*Funding Policy*

The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes.

Plan membership at June 30, 2016 was as follows:

| | |
|---|---|
| Active plan participants | 261 |
| Retirees and beneficiaries currently receiving benefits | 10 |
| Active or terminated plan participants entitled to, but not yet receiving benefits | 48 |

*Actuarial assumptions*

The total pension liability as of June 30, 2016 was determined by an actuarial valuation as of December 31, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

| | | |
|---|---|---|
| Cost of living adjustment | 2.5% | |
| Salary increases | 4.5%-6% | Adjusted for age |
| Investment rate of return | 7.5% | |
| Increase in Social Security Wage Base | 5.5% | |

Mortality rates were based on the RP-2000 Combined Mortality Table. Disability rates were based on Social Security standard rates. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investments 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.

The Trustees shall rebalance the portfolio at least annually for asset allocation purposes. The guidelines for allocation are: equities shall not exceed 70% of total plan assets, valued at cost. Fixed income shall be targeted at 30% of total plan assets, valued at cost. The guidelines for asset allocation are as follows:

| | Target Allocation | Range |
|---|---|---|
| Fixed income | 30% | 25%-35% |
| Equities: | | |
| Large Cap | 30% | 25%-35% |
| Mid Cap | 5% | 2.5%-10% |
| Small Cap | 5% | 2.5%-10% |
| REIT | 5% | 2.5%-10% |
| International | 15% | 10%-20% |
| Multi Cap | 5% | 2.5%-10% |
| Global allocation | 5% | 2.5%-10% |

*Discount rate*

The discount rate used to measure the total pension liability was 7.50 %. The discount rate is determined through a blend of using a building blocks approach based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as the forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to

all periods of projected benefit payments to determine the total pension liability.

| | Total Pension Liability (a) | Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
|---|---|---|---|
| Balances at June 30, 2015 | $ 6,465,814 | $ 4,325,599 | $ 2,140,215 |
| Changes for the year: | | | |
| Service cost | 447,004 | - | 447,004 |
| Interest | 482,064 | - | 482,064 |
| Liability experience (gain)/loss | 160,036 | - | 160,036 |
| Assumption change | 338,535 | - | 338,535 |
| Employer contributions | - | 657,405 | (657,405) |
| Net investment income | - | 38,236 | (38,236) |
| Benefit payments | (76,575) | (76,575) | - |
| Administrative expense | - | (48,186) | 48,186 |
| Other | - | (48,151) | 48,151 |
| Net changes | 1,351,064 | 522,729 | 828,335 |
| Balances at June 30, 2016 | $ 7,816,878 | $ 4,848,328 | $ 2,968,550 |

*Sensitivity of the net pension liability changes in the discount rate*

The following presents the net pension liability of the County, calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

| | 6.50% | 8.50% |
|---|---|---|
| Total pension liability | $ 9,128,400 | $ 6,456,002 |
| Fiduciary net position | 4,848,328 | 4,848,328 |
| Net pension liability | $ 4,280,072 | $ 1,607,674 |

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued GEBCorp financial report.

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

For the year ended June 30, 2016, the County recognized pension expense of $779,503. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Recognition Period | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|---|
| Asset (gain)/loss | 5.0 | $ 282,016 | $ - |
| Liability (gain)/loss | 10.9 | 145,354 | - |
| (Gain)/loss due to assumption change | 10.9 | 307,477 | - |
| Total | | $ 734,847 | $ - |

The County's contributions subsequent to the measurement date of $734,847 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. There were no other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension.

| Projected recognition of deferred outflows/(inflows) | Year Ended December 31, |
|---|---|
| 2016 | $ 97,947 |
| 2017 | 97,947 |
| 2018 | 97,947 |
| 2019 | 97,947 |
| 2020 | 97,947 |
| 2021-2025 | 207,720 |
| 2026-2030 | 37,392 |

***Component Units***

*Lee County Board of Health*

*Retirement Plan*

The employees' Retirement System (ERS) was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. It is a cost-sharing multiple employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. ERS is directed by the Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov.

*Benefits Provided*

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS) Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of credible service and attainment of age 60 or 30 years of credible service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of member's highest 24 consecutive Calendar months, multiplied by the number of years of credible service, multiplied by the applicable benefit factor. Annually, post-retirement cost-of-living adjustments may also be made to members' benefits provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

*Contributions*

Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual

compensation. The Health Department's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2016 was 24.72% of annual covered payroll for old and new plan members and 21.69% for GSEPS members.

The employees of the Lee county Health Department are covered by the Employees' Retirement System of the State of Georgia. Total retirement contribution for the year ended June 30, 2016 were $107,742 based on qualifying salaries of $448,872.

*GASB 68 Implementation*
The following schedules reflect the implementation of GASB Statement No. 68 and information:

Contributions made during the measurement period (fiscal year ended June 30, 2015): $ 90,797

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

| | |
|---|---|
| Employer's proportionate share of net pension liability | $ 732,655 |
| Employer's proportion of net pension liability | 0.018084% |
| Increase/decrease from proportion measured as of June 30, 2014 | 0.001096% |
| Employer's recognized pension expense | $ 70,634 |

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 5,854 |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | 37,772 | - |
| Employer contributions subsequent to the measurement date | 110,693 | - |
| Net difference between projected and actual earnings on investments | - | 52,862 |
| Total | $ 148,465 | $ 58,716 |

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

| Year ended June 30, | |
|---|---|
| 2017 | $ 79 |
| 2018 | (15,285) |
| 2019 | (23,562) |
| 2020 | 17,824 |
| 2021 | - |
| Thereafter | - |

*Actuarial assumptions*

The collective total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3%
Salary increases: 5.45%-9.25%, including inflation
Investment rate of return: 7.5%, net of pension plan expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the period after Service retirement, for dependent beneficiaries, and for deaths in active services, and the RP-2000 Disabled Mortality Table set back eleven years for males and for the period after disability retirement.

The actuarial assumptions used in June 30, 2014 valuation were based on the results of an actuarial experienced study for the period July 1, 2004-June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of 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.

Discount Rate

The discount rate used to measure the collective total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plant member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate:

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|---|---|---|---|
| Employer's proportionate share of net liability | $ 1,038,564 | $ 732,655 | $ 471,855 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued Employee's Retirement System of Georgia Financial Report which is publically available at www.ersga.com.

**NOTE 11 – RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Settled claims from these risks have not exceeded insurance coverage for the past three years. To cover the risks, the County is a member of the Association County Commissioners of Georgia - Interlocal Risk Management Agency (ACCG-IRMA). The ACCG-IRMA operates under the authority of O.C.G.A. 36-85-1 *et Seq*. and administers group self-insurance funds, which receive contributions from its members in order to pool the risks of general liability, motor vehicle liability and property damage. Through participation in the agency, members jointly purchase insurance with other counties participating in and belonging to the agency and are coinsured under master policies with the total premium apportioned among the participants. The County is jointly and severally liable for all legal obligations of the funds which arise out of an event which occurs while the County is a member of the fund. The County's deductible for coverage ranges from $1,000 to $2,500 with various limits of liability up to $1,000,000 for liability, and $39,135,929 for property. Boiler and pressure vessels are covered objects per values submitted.

For its workers compensation coverage, the County is a member of the Association County Commissioners of Georgia-Group Self-Insurance Workers' Compensation Fund (ACCG-GSIWCF). The ACCG-GSIWCF operates under the authority of O.C.G.A 34-9-150 *et Seq*. The County pays into the fund its share of the fund's projected obligation for workers' compensation liability, administrative expenses, and other costs incurred by the fund. The County's share is adjusted by the board of the fund according to the claims experience of each participating member in accordance with criteria set forth in the bylaws of the fund. The fund makes payments to the employees of the members for workers' compensation benefits pursuant to and in accordance with the claims procedures set forth in title 34, chapter 9 of O.C.G.A. The County is jointly and severally liable for all legal obligations of the fund, including, but not limited to, any obligations of the fund to pay claims against the fund arising out of any occurrence, incident, or accident covered under title 34, chapter 9 of O.C.G.A.

The County has an employee benefit plan designed to protect employees covered against catastrophic health expenses. The plan is a self-funded welfare plan consisting of an insured part and a self-funded part. Under the plan, the self-funded part provides medical coverage for employees and their dependents up to a maximum of $80,000 per participant per plan year. The insured part provides insurance coverage for claims in excess of the coverage provided by the self-funded part, providing the County with protection from risk of loss. The total amount of the County's liability for a contract year, which begins February 1 and ends January 31, is the premium for each employee per month plus the maximum claim liability of $80,000 per employee per year not to exceed an estimated annual maximum cost of $3,077,136. The total claims incurred for the year ending June 30, 2016 by the County totaled $3,523,572. The County contracts with the plan administrator to examine, review, determine benefits, calculate payments, approve or disapprove all claims for the plan.

**NOTE 12 – JOINT VENTURES**

Under Georgia law, the County, in conjunction with other cities and counties in a fourteen county Southwest Georgia area, is a member of the Southwest Georgia Regional Commissions and is required to pay annual dues thereto. Membership in a regional commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the regional commission in Georgia. The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

Southwest Georgia Regional Commissions
P.O. Box 346
30 West Broad St.
Camilla, Georgia 31730

**NOTE 13 – RELATED ORGANIZATIONS**

Related organizations are excluded from the financial reporting entity because the County's accountability does not extend beyond making appointments. Related organizations are described as follows:

***Lee County Housing Authority***

The Lee County Housing Authority administers Federal funding and/or other financing for improvement of housing conditions in the County. The six citizens who serve as the Governing Board are appointed by the County Commission. The County has no significant influence over management, budget, or policies of the Authority. The Authority reports independently.

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

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

On July 22, 2008, the County adopted a resolution authorizing the County Administrator or the Finance Director to seek a loan in the form of a Tax Anticipation Note in an amount of up to $4,000,000.

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, management of the County believes such disallowances, if any, will not be significant.

**NOTE 15 – LANDFILL POST CLOSURE CARE COSTS**

State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for five years after closure of landfills prior to April 1994 and thirty years for all other landfills. For the County's landfill, which was closed prior to April 1994, the estimated liability for post closure care cost is $525,000, which is based on 100% of landfill capacity used to date. Actual costs may be higher due to inflation, deflation, revisions to laws or regulations, or changes in technology.

**NOTE 16 – HOTEL/MOTEL TAX**

The County imposes a 5% hotel/motel tax on lodging facilities within the County. Revenues collected during the fiscal year ended June 30, 2016, were $3,148. The funds were expended by the County for tourism as required by O.C.G.A 48-13-51.

**NOTE 17 – SUBSEQUENT EVENT**

***Parks and Recreation Authority***

On November 7, 2016 the Parks and Recreation Authority Board voted to close operations of the the Grand Island Golf Club. The Grand Island Golf Club ceases operations on December 15, 2016.

## Lee County, Georgia
## Required Supplementary Information
## Schedule of Changes in the County's Net Pension Liability
## June 30, 2016

| For the year ended June 30, | 2015 | 2016 |
|---|---|---|
| Total pension liability | | |
| Service cost | $ 444,815 | $ 447,004 |
| Interest | 421,716 | 482,064 |
| Liability experience (gain)/loss | - | 160,036 |
| Assumption change | - | 338,535 |
| Differences between expected and actual experience | - | - |
| Benefit payments | (47,192) | (76,575) |
| Net change in total pension liability | 819,339 | 1,351,064 |
| Total pension liability, beginning | 5,646,475 | 6,465,814 |
| Total pension liability, ending (a) | $ 6,465,814 | $ 7,816,878 |
| Plan fiduciary net position | | |
| Contributions - employer | $ 503,835 | $ 657,405 |
| Contributions - employee | - | - |
| Net investment income | 273,820 | 38,236 |
| Benefit payments | (47,192) | (76,575) |
| Administrative expense | (47,622) | (48,186) |
| Other | (44,349) | (48,151) |
| Net change in fiduciary net position | 638,492 | 522,729 |
| Plan fiduciary net position - beginning | 3,687,107 | 4,325,599 |
| Plan fiduciary net position - ending (b) | 4,325,599 | 4,848,328 |
| Net pension liability - ending: (a)-(b) | $ 2,140,215 | $ 2,968,550 |
| Plan's fiduciary net position as a percentage of the total pension liability | 66.9% | 62.0% |
| Covered-employee payroll | $ 9,693,809 | $ 9,675,437 |
| Net pension liability as a percentage of covered-employe payroll | 22.1% | 30.7% |

Changes since prior valuation

There have been no substantive changes since the last actuarial valuation.

# Lee County, Georgia
# Required Supplementary Information
# Schedule of County Contributions
# June 30, 2016

| Year Ended June 30, | Annual Required Contribution | Percentage Contributed |
|---|---|---|
| 2009 | $ 301,962 | 112.7% |
| 2010 | 374,133 | 96.8% |
| 2011 | 436,935 | 106.3% |
| 2012 | 450,170 | 104.6% |
| 2013 | 536,218 | 90.1% |
| 2014 | 611,182 | 82.4% |
| 2015 | 601,121 | 109.4% |

**Notes to Schedule:**

Changes since prior valuation

There have been no substantive changes since the last actuarial valuation.

| | |
|---|---|
| Valuation Date | 12/31/2015 |
| Actuarial cost method | Entry age normal |
| Remaining amortization period | 5-10.9 |
| Asset valuation method | 5-year smoothed marked value |
| Inflation rate | 2.50% |
| Salary increases | 4.5-6% |
| Long-term expected rate of return | 7.50% |
| Retirement age | 55-70 |
| Mortality | RP-2000 projected with Scale AA |

# Lee County, Georgia
## Required Supplementary Information
## Schedule of Proportionate Share of Net Pension Liabilities
## June 30, 2016

| ***Georgia Firefighters Pension Fund*** | **2015** | **2016** |
|---|---|---|
| County's proportion of the net pension liability (asset) | 0% | 0% |
| State of Georgia's proportionate share of the net pension liability (asset) associated with the County | $ 59,494 | $ 117,221 |
| County's covered-employee payroll | n/a | n/a |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | n/a | n/a |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 103.75 | 83.06% |

| ***Peace Officers' Annuity and Benefit Fund of Georgia*** | **2015** | **2016** |
|---|---|---|
| County's proportion of the net pension liability (asset) | 0% | 0% |
| State of Georgia's proportionate share of the net pension liability (asset) associated with the County | $ (31,271) | $ 15,120 |
| County's covered-employee payroll | n/a | n/a |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | n/a | n/a |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 89.72 | 98.28% |

| ***Employee's Retirement System*** | **2015** | **2016** |
|---|---|---|
| Employer's proportion of the net pension liability (asset) | 0.016988% | 0.018084% |
| Employer's proportionate share of the net pension liability (asset) | $ 637,155 | $ 732,655 |
| Employer's covered-employee payroll | $ 435,760 | $ 448,872 |
| Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 146.22% | 163.22% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 77.99% | 76.20% |

Note: This schedule will present ten years of information once it is accumulated.

# Lee County, Georgia
## Required Supplementary Information
## Schedule of Contributions
## Cost-Sharing Multiple Employer Pension Plans
## June 30, 2016

***Employee's Retirement System of Georgia***

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 107,742 | $ 93,748 | $ 73,550 | $ 68,605 | $ 44,641 | $ 42,343 | $ 40,680 | $ 44,231 | $ 45,113 | $ 44,493 |
| Contributions in relation to the contractually required contributi | 107,742 | 93,748 | 73,550 | 68,605 | 44,641 | 42,343 | 40,680 | 44,231 | 45,113 | 44,493 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered-employee payroll | $ 448,872 | $ 435,760 | $ 408,984 | $ 429,663 | $ 416,103 | $ 359,742 | $ 341,035 | $ 424,284 | $ 378,285 | $ 373,123 |
| Contributions as a percentage of covered-employee payroll | 24.00% | 21.51% | 17.98% | 15.97% | 10.73% | 11.77% | 11.93% | 10.42% | 11.93% | 11.92% |

**Notes to Schedule (Employee's Retirement System of Georgia):**

Changes of Assumptions

There were no changes in assumptions or benefits that affect the measurement of the total pension liability since the prior measurement date.

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended June 30, 2016 reported in that schedule:

| | |
|---|---|
| Valuation date | June 30, 2013 |
| Actuarial cost method | Entry age |
| Amortization method | Level dollar, closed |
| Remaining amortization period | 25 years |
| Asset valuation method | 5-year smoothed market |
| Inflation rate | 3% |
| Salary increases | 5.45% - 9.25% |
| Investment rate of return | 7.5%, net |

# Lee County, Georgia
# Combining Balance Sheet
# Nonmajor Governmental Funds
# June 30, 2016

| | Special Revenue Funds | 1% SPLOST IV Capital Projects Fund | Total Nonmajor Governmental Funds |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | $ 1,296,915 | $ - | $ 1,296,915 |
| Investments | 8,096 | 33,917 | 42,013 |
| Accounts receivable, net | 61,628 | - | 61,628 |
| Property tax receivable | - | - | - |
| Prepaid expenditures | - | - | - |
| Due from other governments | 510 | - | 510 |
| Due from other funds | - | - | - |
| Other non-current assets | 732 | - | 732 |
| Restricted assets: | | | |
| Cash and cash equivalents | 7,209 | - | 7,209 |
| Sales tax receivable | - | - | - |
| Total assets | 1,375,090 | 33,917 | 1,409,007 |
| **Liabilities** | | | |
| Accounts payable | 12,307 | - | 12,307 |
| Accrued expenses | 11,166 | - | 11,166 |
| Unearned revenue | - | - | - |
| Due to other governments | - | - | - |
| Due to other funds | 55 | - | 55 |
| Liabilities payable from restricted assets | - | - | - |
| Total liabilities | 23,528 | - | 23,528 |
| **Deferred Inflows of Resources** | | | |
| Unavailable revenue - property taxes | - | - | - |
| **Fund Balances** | | | |
| Nonspendable | - | - | - |
| Restricted for: | | | |
| Public services | - | - | - |
| Debt service | - | - | - |
| Specific purposes | 1,351,562 | 33,917 | 1,385,479 |
| Unassigned | - | - | - |
| Total fund balances | 1,351,562 | 33,917 | 1,385,479 |
| Total liabilities, deferred inflows of resources and fund balances | $ 1,375,090 | $ 33,917 | $ 1,409,007 |

# Lee County, Georgia
## Statement of Revenues, Expenditures, and Changes in Fund Balances
## Nonmajor Governmental Funds
## June 30, 2016

| | Special Revenue Funds | 1% SPLOST IV Capital Projects Fund | Total Nonmajor Governmental Funds |
|---|---|---|---|
| **Revenues** | | | |
| Property taxes | $ - | $ - | $ - |
| Local option sales taxes | - | - | - |
| Other taxes | 3,148 | - | 3,148 |
| Charges for services | 467,119 | - | 467,119 |
| Fines and forfeitures | 94,176 | - | 94,176 |
| Investment income | 4,399 | 199 | 4,598 |
| Intergovernmental | 478,335 | - | 478,335 |
| Other revenues | 29,907 | 339 | 30,246 |
| Total revenues | 1,077,084 | 538 | 1,077,622 |
| **Expenditures** | | | |
| Current: | | | |
| General government | 12,444 | - | 12,444 |
| Public safety | 806,243 | - | 806,243 |
| Court system | 18,583 | - | 18,583 |
| Economic development | 216,122 | - | 216,122 |
| Intergovernmental | - | - | - |
| Capital outlay | 21,138 | 18,366 | 39,504 |
| Debt service: | | | |
| Principal | 210,981 | - | 210,981 |
| Interest | 50,249 | - | 50,249 |
| Fiscal agent fees | - | - | - |
| Total expenditures | 1,335,760 | 18,366 | 1,354,126 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (258,676) | (17,828) | (276,504) |
| **Other Financing Sources (Uses)** | | | |
| Transfers from other funds | 991,542 | - | 991,542 |
| Transfers to other funds | (45,088) | - | (45,088) |
| Sale of capital assets | - | - | - |
| Long-term debt issued | - | - | - |
| Total other financing sources (uses) | 946,454 | - | 946,454 |
| Net change in fund balances | 687,778 | (17,828) | 669,950 |
| **Fund balances, beginning of year** | 663,784 | 51,745 | 715,529 |
| **Fund balances, end of year** | $ 1,351,562 | $ 33,917 | $ 1,385,479 |

# Lee County, Georgia
# Combining Balance Sheet
# Nonmajor Special Revenue Funds
# June 30, 2016

| | Drug Abuse Treatment & Education Fund | Jail Fund | Building Inspection Fund | District Attorney Forfeiture Fund | Law Library Fund |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | $ 89,226 | $ 38,333 | $ - | $ 14,468 | $ 57,031 |
| Investments | 8,096 | - | - | - | - |
| Accounts receivable, net | - | - | - | - | - |
| Property tax receivable | - | - | - | - | - |
| Prepaid expenditures | - | - | - | - | - |
| Due from other governments | 510 | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Other non-current assets | - | - | | - | - |
| Restricted assets: | | | | | |
| Cash and cash equivalents | - | - | - | - | - |
| Sales tax receivable | - | - | - | - | - |
| Total assets | 97,832 | 38,333 | - | 14,468 | 57,031 |
| **Liabilities** | | | | | |
| Accounts payable | - | - | 176 | - | - |
| Accrued expenses | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Due to other governments | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Liabilities payable from restricted assets | - | - | - | - | - |
| Total liabilities | - | - | 176 | - | - |
| **Deferred Inflows of Resources** | | | | | |
| Unavailable revenue - property taxes | - | - | - | - | - |
| **Fund Balances** | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted for: | | | | | |
| Public services | - | - | - | - | - |
| Debt service | - | - | - | - | - |
| Specific purposes | 97,832 | 38,333 | (176) | 14,468 | 57,031 |
| Unassigned | - | - | - | - | - |
| Total fund balances | 97,832 | 38,333 | (176) | 14,468 | 57,031 |
| Total liabilities, deferred inflows of resources and fund balances | $ 97,832 | $ 38,333 | $ - | $ 14,468 | $ 57,031 |

# Lee County, Georgia
# Combining Balance Sheet
# Nonmajor Special Revenue Funds
# June 30, 2016

| | E-911 Fund | Special Assessment Fund | Hotel/ Motel Tax Fund | Development Authority |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | $ 11,887 | $ 465,053 | $ 3,652 | $ 594,164 |
| Investments | - | - | - | - |
| Accounts receivable, net | 60,790 | 838 | - | - |
| Property tax receivable | - | - | - | - |
| Prepaid expenditures | - | - | - | - |
| Due from other governments | - | - | - | - |
| Due from other funds | - | - | - | - |
| Other non-current assets | - | - | - | - |
| Restricted assets: | | | | |
| Cash and cash equivalents | 7,209 | - | - | - |
| Sales tax receivable | - | - | - | - |
| Total assets | 79,886 | 465,891 | 3,652 | 594,164 |
| **Liabilities** | | | | |
| Accounts payable | 12,131 | - | - | - |
| Accrued expenses | 11,166 | - | - | - |
| Unearned revenue | - | - | - | - |
| Due to other governments | - | - | - | - |
| Due to other funds | 55 | - | - | - |
| Liabilities payable from restricted assets | - | - | - | - |
| Total liabilities | 23,352 | - | - | - |
| **Deferred Inflows of Resources** | | | | |
| Unavailable revenue - property taxes | - | - | - | - |
| **Fund Balances** | | | | |
| Nonspendable | - | - | - | - |
| Restricted for: | | | | |
| Public services | - | - | - | - |
| Debt service | - | - | - | - |
| Specific purposes | 56,534 | 465,891 | 3,652 | 594,164 |
| Unassigned | - | - | - | - |
| Total fund balances | 56,534 | 465,891 | 3,652 | 594,164 |
| Total liabilities, deferred inflows of resources and fund balances | $ 79,886 | $ 465,891 | $ 3,652 | $ 594,164 |

# Lee County, Georgia
# Combining Balance Sheet (Continued)
# Nonmajor Special Revenue Funds
# June 30, 2016

| | Community Foundation Fund | Total Nonmajor Special Revenue Funds |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 23,101 | $ 1,296,915 |
| Investments | - | 8,096 |
| Accounts receivable, net | - | 61,628 |
| Property tax receivable | - | - |
| Prepaid expenditures | - | - |
| Due from other governments | - | 510 |
| Due from other funds | - | - |
| Other non-current assets | 732 | 732 |
| Restricted assets: | | |
| Cash and cash equivalents | - | 7,209 |
| Sales tax receivable | - | - |
| Total assets | 23,833 | 1,375,090 |
| **Liabilities** | | |
| Accounts payable | - | 12,307 |
| Accrued expenses | - | 11,166 |
| Unearned revenue | - | - |
| Due to other governments | - | - |
| Due to other funds | - | 55 |
| Liabilities payable from restricted assets | - | - |
| Total liabilities | - | 23,528 |
| **Deferred Inflows of Resources** | | |
| Unavailable revenue - property taxes | - | - |
| **Fund Balances** | | |
| Nonspendable | - | - |
| Restricted for: | | |
| Public services | - | - |
| Debt service | - | - |
| Specific purposes | 23,833 | 1,351,562 |
| Unassigned | - | - |
| Total fund balances | 23,833 | 1,351,562 |
| Total liabilities, deferred inflows of resources and fund balances | $ 23,833 | $ 1,375,090 |

# Lee County, Georgia
## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
## Nonmajor Special Revenue Funds
## June 30, 2016

| | Drug Abuse Treatment & Education Fund | Jail Fund | Building Inspection Fund | District Attorney Forfeiture Fund | Law Library Fund |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Property taxes | $ - | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - | - |
| Other taxes | - | - | - | - | - |
| Charges for services | - | - | - | - | - |
| Fines and forfeitures | 24,166 | 37,011 | - | 22,818 | 10,181 |
| Investment income | 419 | 277 | - | 99 | 146 |
| Intergovernmental | - | - | - | - | - |
| Other revenues | - | - | - | - | - |
| Total revenues | 24,585 | 37,288 | - | 22,917 | 10,327 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | 15,530 | - | - | - | - |
| Court system | - | - | - | 6,566 | 12,017 |
| Public works | - | - | - | - | - |
| Public health and welfare | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - |
| Library | - | - | - | - | - |
| Economic development | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Capital outlay | - | - | - | 18,000 | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Fiscal agent fees | - | - | - | - | - |
| Total expenditures | 15,530 | - | - | 24,566 | 12,017 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 9,055 | 37,288 | - | (1,649) | (1,690) |
| **Other Financing Sources (Uses)** | | | | | |
| Transfers from other funds | - | - | - | - | - |
| Transfers to other funds | - | (44,678) | (410) | - | - |
| Sale of capital assets | - | - | - | - | - |
| Long-term debt issued | - | - | - | - | - |
| Total other financing surces (uses) | - | (44,678) | (410) | - | - |
| Net change in fund balances | 9,055 | (7,390) | (410) | (1,649) | (1,690) |
| **Fund balances (deficit), beginning of year** | 88,777 | 45,723 | 234 | 16,117 | 58,721 |
| **Fund balances (deficit), end of year** | $ 97,832 | $ 38,333 | $ (176) | $ 14,468 | $ 57,031 |

# Lee County, Georgia
## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
## Nonmajor Special Revenue Funds
## June 30, 2016

| | E-911 Fund | Special Assessment Fund | Hotel/ Motel Tax Fund | Develop-ment Authority |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - |
| Other taxes | - | - | 3,148 | - |
| Charges for services | 391,625 | 75,494 | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment income | 187 | 2,183 | 28 | 1,060 |
| Intergovernmental | - | - | - | 478,335 |
| Other revenues | - | - | - | - |
| Total revenues | 391,812 | 77,677 | 3,176 | 479,395 |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 765,713 | 25,000 | - | - |
| Court system | - | - | - | - |
| Public works | - | - | - | - |
| Public health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Library | - | - | - | - |
| Economic development | - | - | 1,000 | 215,122 |
| Intergovernmental | - | - | - | - |
| Capital outlay | - | - | 3,138 | - |
| Debt service: | | | | |
| Principal | - | - | - | 210,981 |
| Interest | - | - | - | 50,249 |
| Fiscal agent fees | - | - | - | - |
| Total expenditures | 765,713 | 25,000 | 4,138 | 476,352 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (373,901) | 52,677 | (962) | 3,043 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers from other funds | 991,542 | - | - | - |
| Transfers to other funds | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Long-term debt issued | - | - | - | - |
| Total other financing sources (uses) | 991,542 | - | - | - |
| Net change in fund balances | 617,641 | 52,677 | (962) | 3,043 |
| **Fund balances (deficit), beginning of year** | (561,107) | 413,214 | 4,614 | 591,121 |
| **Fund balances (deficit), end of year** | $ 56,534 | $ 465,891 | $ 3,652 | $ 594,164 |

# Lee County, Georgia
## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
## Nonmajor Special Revenue Funds
## June 30, 2016

| | Community Foundation Fund | Total Nonmajor Special Revenue Funds |
|---|---|---|
| **Revenues** | | |
| Property taxes | $ - | $ - |
| Local option sales taxes | - | - |
| Other taxes | - | 3,148 |
| Charges for services | - | 467,119 |
| Fines and forfeitures | - | 94,176 |
| Investment income | - | 4,399 |
| Intergovernmental | - | 478,335 |
| Other revenues | 29,907 | 29,907 |
| Total revenues | 29,907 | 1,077,084 |
| **Expenditures** | | |
| Current: | | |
| General government | 12,444 | 12,444 |
| Public safety | - | 806,243 |
| Court system | - | 18,583 |
| Public works | - | - |
| Public health and welfare | - | - |
| Culture and recreation | - | - |
| Library | - | - |
| Economic development | - | 216,122 |
| Intergovernmental | - | - |
| Capital outlay | - | 21,138 |
| Debt service: | | |
| Principal | - | 210,981 |
| Interest | - | 50,249 |
| Fiscal agent fees | - | - |
| Total expenditures | 12,444 | 1,335,760 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 17,463 | (258,676) |
| **Other Financing Sources (Uses)** | | |
| Transfers from other funds | - | 991,542 |
| Transfers to other funds | - | (45,088) |
| Sale of capital assets | - | - |
| Long-term debt issued | - | - |
| Total other financing sources (uses) | - | 946,454 |
| Net change in fund balances | 17,463 | 687,778 |
| **Fund balances (deficit), beginning of year** | 6,370 | 663,784 |
| **Fund balances (deficit), end of year** | $ 23,833 | $ 1,351,562 |

# Lee County, Georgia
## Schedule of Revenues, Expenditures, and Changes in Fund Balances
## Budget to Actual – Drug Abuse Treatment & Education Fund
## June 30, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - |
| Other taxes | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | 31,575 | 31,575 | 24,166 | (7,409) |
| Investment income | 300 | 300 | 419 | 119 |
| Intergovernmental | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 31,875 | 31,875 | 24,585 | (7,290) |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 31,875 | 31,875 | 15,530 | 16,345 |
| Court system | - | - | - | - |
| Public works | - | - | - | - |
| Public health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Library | - | - | - | - |
| Economic development | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Fiscal agent fees | - | - | - | - |
| Total expenditures | 31,875 | 31,875 | 15,530 | 16,345 |
| **Excess (Deficiency) of Revenues Over Expenditures** | - | - | 9,055 | 9,055 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers from other funds | - | - | - | - |
| Transfers to other funds | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Long-term debt issued | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | - | - | 9,055 | 9,055 |
| **Fund balances (deficit), beginning of year** | 88,777 | 88,777 | 88,777 | - |
| **Fund balances (deficit), end of year** | $ 88,777 | $ 88,777 | $ 97,832 | $ 9,055 |

# Lee County, Georgia
## Schedule of Revenues, Expenditures, and Changes in Fund Balances
## Budget to Actual – Jail Fund
## June 30, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - |
| Other taxes | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | 28,622 | 44,390 | 37,011 | (7,379) |
| Investment income | 172 | 288 | 277 | (11) |
| Intergovernmental | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 28,794 | 44,678 | 37,288 | (7,390) |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Court system | - | - | - | - |
| Public works | - | - | - | - |
| Public health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Library | - | - | - | - |
| Economic development | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Fiscal agent fees | - | - | - | - |
| Total expenditures | - | - | - | - |
| **Excess (Deficiency) of Revenues Over Expenditures** | 28,794 | 44,678 | 37,288 | (7,390) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers from other funds | - | - | - | - |
| Transfers to other funds | (28,794) | (44,678) | (44,678) | - |
| Sale of capital assets | - | - | - | - |
| Long-term debt issued | - | - | - | - |
| Total other financing sources (uses) | (28,794) | (44,678) | (44,678) | - |
| Net change in fund balances | - | - | (7,390) | (7,390) |
| **Fund balances, beginning of year** | 45,723 | 45,723 | 45,723 | - |
| **Fund balances, end of year** | $ 45,723 | $ 45,723 | $ 38,333 | $ (7,390) |

# Lee County, Georgia
## Schedule of Revenues, Expenditures, and Changes in Fund Balances
## Budget to Actual – Building Inspection Fund
## June 30, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - |
| Other taxes | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment income | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | - | - | - | - |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Court system | - | - | - | - |
| Public works | - | - | - | - |
| Public health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Library | - | - | - | - |
| Economic development | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Fiscal agent fees | - | - | - | - |
| Total expenditures | - | - | - | - |
| **Excess (Deficiency) of Revenues Over Expenditures** | - | - | - | - |
| **Other Financing Sources (Uses)** | | | | |
| Transfers from other funds | - | - | - | - |
| Transfers to other funds | - | - | (410) | (410) |
| Sale of capital assets | - | - | - | - |
| Long-term debt issued | - | - | - | - |
| Total other financing sources (uses) | - | - | (410) | (410) |
| Net change in fund balances | - | - | (410) | (410) |
| **Fund balances, beginning of year** | 234 | 234 | 234 | - |
| **Fund balances, end of year** | $ 234 | $ 234 | $ (176) | $ (410) |

# Lee County, Georgia
## Schedule of Revenues, Expenditures, and Changes in Fund Balances
## Budget to Actual – District Attorney Forfeiture Fund
## June 30, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - |
| Other taxes | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | 35,000 | 22,818 | (12,182) |
| Investment income | - | 235 | 99 | (136) |
| Intergovernmental | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | - | 35,235 | 22,917 | (12,318) |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Court system | - | 35,235 | 6,566 | 28,669 |
| Public works | - | - | - | - |
| Public health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Library | - | - | - | - |
| Economic development | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Capital outlay | - | - | 18,000 | (18,000) |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Fiscal agent fees | - | - | - | - |
| Total expenditures | - | 35,235 | 24,566 | 10,669 |
| **Excess (Deficiency) of Revenues Over Expenditures** | - | - | (1,649) | (1,649) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers from other funds | - | - | - | - |
| Transfers to other funds | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Long-term debt issued | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | - | - | (1,649) | (1,649) |
| **Fund balances, beginning of year** | 16,117 | 16,117 | 16,117 | - |
| **Fund balances, end of year** | $ 16,117 | $ 16,117 | $ 14,468 | $ (1,649) |

# Lee County, Georgia
## Schedule of Revenues, Expenditures, and Changes in Fund Balances
## Budget to Actual – Law Library Fund
## June 30, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - |
| Other taxes | - | - | - | - |
| Charges for servies | - | - | - | - |
| Fines and forfeitures | 9,500 | 9,500 | 10,181 | 681 |
| Investment income | 131 | 131 | 146 | 15 |
| Intergovernmental | - | - | - | - |
| Other revenues | 2,369 | 2,369 | - | (2,369) |
| Total revenues | 12,000 | 12,000 | 10,327 | (1,673) |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Court system | 12,000 | 12,000 | 12,017 | (17) |
| Public works | - | - | - | - |
| Public health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Library | - | - | - | - |
| Economic development | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Fiscal agent fees | - | - | - | - |
| Total expenditures | 12,000 | 12,000 | 12,017 | (17) |
| **Excess (Deficiency) of Revenues Over Expenditures** | - | - | (1,690) | (1,690) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers from other funds | - | - | - | - |
| Transfers to other funds | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Long-term debt issued | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | - | - | (1,690) | (1,690) |
| **Fund balances, beginning of year** | 58,721 | 58,721 | 58,721 | - |
| **Fund balances, end of year** | $ 58,721 | $ 58,721 | $ 57,031 | $ (1,690) |

# Lee County, Georgia
## Schedule of Revenues, Expenditures, and Changes in Fund Balances
## Budget to Actual –E-911 Fund
## June 30, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - |
| Other taxes and licenses | - | - | - | - |
| Charges for services | 435,181 | 435,181 | 391,625 | (43,556) |
| Fines and forfeitures | - | - | - | - |
| Investment income | 211 | 211 | 187 | (24) |
| Intergovernmental | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 435,392 | 435,392 | 391,812 | (43,580) |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 737,299 | 737,299 | 765,713 | (28,414) |
| Court system | - | - | - | - |
| Public works | - | - | - | - |
| Public health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Library | - | - | - | - |
| Economic development | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Fiscal agent fees | - | - | - | - |
| Total expenditures | 737,299 | 737,299 | 765,713 | (28,414) |
| **Excess (Deficiency) of Revenues Over Expenditures** | (301,907) | (301,907) | (373,901) | (71,994) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers from other funds | 301,907 | 301,907 | 991,542 | 689,635 |
| Transfers to other funds | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Long-term debt issued | - | - | - | - |
| Total other financing sources (uses) | 301,907 | 301,907 | 991,542 | 689,635 |
| Net change in fund balances | - | - | 617,641 | 617,641 |
| **Fund balances, beginning of year** | (561,107) | (561,107) | (561,107) | - |
| **Fund balances, end of year** | $ (561,107) | $ (561,107) | $ 56,534 | $ 617,641 |

# Lee County, Georgia
## Schedule of Revenues, Expenditures, and Changes in Fund Balances
## Budget to Actual – Special Assessment Fund
## June 30, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - |
| Other taxes and licenses | - | - | - | - |
| Charges for services | 70,500 | 70,500 | 75,494 | 4,994 |
| Fines and forfeitures | - | - | - | - |
| Investment income | 2,350 | 2,350 | 2,183 | (167) |
| Intergovernmental | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 72,850 | 72,850 | 77,677 | 4,827 |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 72,850 | 72,850 | 25,000 | 47,850 |
| Court system | - | - | - | - |
| Public works | - | - | - | - |
| Public health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Library | - | - | - | - |
| Economic development | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Fiscal agent fees | - | - | - | - |
| Total expenditures | 72,850 | 72,850 | 25,000 | 47,850 |
| **Excess (Deficiency) of Revenues Over Expenditures** | - | - | 52,677 | 52,677 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers from other funds | - | - | - | - |
| Transfers to other funds | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Long-term debt issued | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | - | - | 52,677 | 52,677 |
| **Fund balances, beginning of year** | 413,214 | 413,214 | 413,214 | - |
| **Fund balances, end of year** | $ 413,214 | $ 413,214 | $ 465,891 | $ 52,677 |

# Lee County, Georgia
## Schedule of Revenues, Expenditures, and Changes in Fund Balances
## Budget to Actual – Hotel/Motel Tax Fund
## June 30, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - |
| Other taxes and licenses | 3,300 | 3,300 | 3,148 | (152) |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment income | 80 | 80 | 28 | (52) |
| Intergovernmental | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 3,380 | 3,380 | 3,176 | (204) |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Court system | - | - | - | - |
| Public works | - | - | - | - |
| Public health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Library | - | - | - | - |
| Economic development | 1,000 | 1,000 | 1,000 | - |
| Intergovernmental | - | - | - | - |
| Capital outlay | 3,500 | 3,500 | 3,138 | 362 |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Fiscal agent fees | - | - | - | - |
| Total expenditures | 4,500 | 4,500 | 4,138 | 362 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (1,120) | (1,120) | (962) | 158 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers from other funds | 1,120 | 1,120 | - | (1,120) |
| Transfers to other funds | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Long-term debt issued | - | - | - | - |
| Total other financing sources (uses) | 1,120 | 1,120 | - | (1,120) |
| Net change in fund balances | - | - | (962) | (962) |
| **Fund balances, beginning of year** | 4,614 | 4,614 | 4,614 | - |
| **Fund balances, end of year** | $ 4,614 | $ 4,614 | $ 3,652 | $ (962) |

# Lee County, Georgia
## Schedule of Revenues, Expenditures, and Changes in Fund Balances
## Budget to Actual – Development Authority
## June 30, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Property taxes | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - |
| Other taxes and licenses | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment income | - | - | 1,060 | 1,060 |
| Intergovernmental | 208,085 | 208,085 | 478,335 | 270,250 |
| Other revenues | - | - | - | - |
| Total revenues | 208,085 | 208,085 | 479,395 | 271,310 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Court system | - | - | - | - |
| Public works | - | - | - | - |
| Public health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Library | - | - | - | - |
| Economic development | 214,679 | 214,679 | 215,122 | (443) |
| Intergovernmental | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | 210,981 | (210,981) |
| Interest | - | - | 50,249 | (50,249) |
| Fiscal agent fees | - | - | - | - |
| Total expenditures | 214,679 | 214,679 | 476,352 | (261,673) |
| **Excess (Deficiency) of Revenues Over Expenditures** | (6,594) | (6,594) | 3,043 | 9,637 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers from other funds | - | - | - | - |
| Transfers to other funds | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Long-term debt issued | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | (6,594) | (6,594) | 3,043 | 9,637 |
| **Fund balances, beginning of year** | 591,121 | 591,121 | 591,121 | - |
| **Fund balances, end of year** | $ 584,527 | $ 584,527 | $ 594,164 | $ 9,637 |

# Lee County, Georgia
## Schedule of Revenues, Expenditures, and Changes in Fund Balances
## Budget to Actual – Community Foundation
## June 30, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Property taxes | $ - | $ - | $ - | $ - |
| Local option sales taxes | - | - | - | - |
| Other taxes and licenses | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment income | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Other revenues | - | - | 29,907 | 29,907 |
| Total revenues | - | - | 29,907 | 29,907 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | - | - | 12,444 | (12,444) |
| Public safety | - | - | - | - |
| Court system | - | - | - | - |
| Public works | - | - | - | - |
| Public health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Library | - | - | - | - |
| Economic development | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Fiscal agent fees | - | - | - | - |
| Total expenditures | - | - | 12,444 | (12,444) |
| **Excess (Deficiency) of Revenues Over Expenditures** | - | - | 17,463 | 17,463 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers from other funds | - | - | - | - |
| Transfers to other funds | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Long-term debt issued | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | - | - | 17,463 | 17,463 |
| **Fund balances, beginning of year** | 6,370 | 6,370 | 6,370 | - |
| **Fund balances, end of year** | $ 6,370 | $ 6,370 | $ 23,833 | $ 17,463 |

# Lee County, Georgia
## Combining Statement of Fiduciary Assets and Liabilities
## Fiduciary Funds
## June 30, 2016

| | Clerk of Superior Court | Probate Court | Tax Commissioner | Magistrate Court | Sheriff's Department | Total Agency Funds |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | $ 149,318 | $ 43,852 | $ 772,640 | $ 40,973 | $ 97,500 | $ 1,104,283 |
| Property tax receivable | - | - | 528,768 | - | - | 528,768 |
| Total assets | 149,318 | 43,852 | 1,301,408 | 40,973 | 97,500 | 1,633,051 |
| **Liabilities** | | | | | | |
| Due to others | 149,318 | 43,852 | 1,301,408 | 40,973 | 97,500 | 1,633,051 |
| Total liabilities | $ 149,318 | $ 43,852 | $ 1,301,408 | $ 40,973 | $ 97,500 | $ 1,633,051 |

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**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***

To the Board of Commissioners
of Lee County, Georgia
Leesburg, 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Lee County, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Lee County, Georgia 's basic financial statements and have issued our report thereon dated December 28, 2016.

We did not audit the financial statements of the Development Authority of Lee County or the Lee County Health Department. 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 Lee County Health Department, is based solely on the report of the other auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lee 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 Lee County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Lee County, Georgia's internal control.

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

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

We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness (Finding 2016-1). 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lee County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**Lee County, Georgia's Response to Findings**

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

Carr, Riggs & Ingram, L.L.C.

Tifton, Georgia
December 28, 2016

**Financial Statement Findings and Responses**

Findings noted on the 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.*

**2016 - 1**
**Criteria:**
Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel.

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

**Cause of Condition:**
Since the County is a small local government, it is not financially feasible for the County to hire additional employees to provide for an adequate segregation of duties.

**Effect of Condition:**
The County's internal control structure does not contain adequate safeguarding controls provided by segregation of duties that would provide for the prevention or timely detection of unauthorized transactions and unauthorized access to assets that could result in losses that are material to the financial statements.

**Response of Management:**
Management concurs with this finding and is continually working to improve controls to mitigate the risks associated with this condition including the cross-training of staff for rotation of responsibilities.

# Lee County, Georgia
## Schedule of Special Purpose Local Option Sales Tax Expenditures
## June 30, 2016

| | Original Estimated Cost | Expenditures | | | Estimated Percentage of Completion |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total | |
| ***Sales Tax Referendum*** | | | | | |
| ***SPLOST IV*** | | | | | |
| Road, street & bridge construction unincorporated areas | $ 5,534,500 | $ 4,769,661 | $ - | $ 4,769,661 | 86% |
| Smithville fire/ems station and equipment | 600,000 | 690,778 | - | 690,778 | 100% |
| Leesburg fire/ems and equipment and general obligation debt | 650,000 | 574,793 | - | 574,793 | 88% |
| Redbone fire/ems and equipment and general obligation debt | 650,000 | 574,793 | - | 574,793 | 88% |
| Palmyra fire/ems station and equipment | 300,000 | 299,720 | - | 299,720 | 100% |
| General obligation for Lee County criminal justice center | 2,500,000 | 2,911,772 | - | 2,911,772 | 100% |
| Lee County courthouse renovation | 500,000 | 257,073 | 18,366 | 275,439 | 55% |
| Lee County elementary school renovation and library renovation of Redbone fire station | 1,700,000 | 1,782,698 | - | 1,782,698 | 100% |
| Recreation facilities construction | 1,000,000 | 1,172,205 | - | 1,172,205 | 100% |
| General obligation debt for wastewater treatment plant | 2,065,500 | 856,000 | - | 856,000 | 41% |
| Industrial park | 1,000,000 | 1,016,369 | - | 1,016,369 | 100% |
| Road, street & bridge construction - Leesburg | 50,000 | 50,000 | - | 50,000 | 100% |
| Water & sewer treatment facilities - Leesburg | 700,000 | 692,816 | - | 692,816 | 99% |
| Road, street & bridge construction - Smithville | 200,000 | 283,959 | - | 283,959 | 100% |
| Water & sewer treatment facilities - Smithville | 300,000 | 355,749 | - | 355,749 | 100% |
| Historic facilities renovation - Smithville | 200,000 | 304,661 | - | 304,661 | 100% |
| Public safety facilities - Smithville | 50,000 | 20,093 | - | 20,093 | 40% |
| Total expenditures | $ 18,000,000 | $ 16,613,140 | $ 18,366 | $ 16,631,506 | |

# Lee County, Georgia
## Schedule of Special Purpose Local Option Sales Tax Expenditures
## June 30, 2016

| | Original Estimated Cost | Expenditures | | | Estimated Percentage of Completion |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total | |
| ***Sales Tax Referendum*** | | | | | |
| ***SPLOST V*** | | | | | |
| Retirement of previously incurred debt | $ 3,195,973 | $ 10,384,528 | $ - | $ 10,384,528 | 100% |
| Sheriff's department vehicles | 624,500 | 624,500 | - | 624,500 | 100% |
| Five (5) replacement ambulances for EMS | 625,000 | 487,829 | - | 487,829 | 78% |
| City of Leesburg | 5,000,000 | 5,000,000 | - | 5,000,000 | 100% |
| City of Smithville - road, street, bridges, water & sewer facilities | 900,000 | 687,474 | - | 687,474 | 76% |
| Park Street recreation complex and capital outlay for recreation | 300,000 | 13,510 | - | 13,510 | 5% |
| Courthouse square and Old Smithville Road | 2,000,000 | 10,253 | - | 10,253 | 1% |
| Road, street and bridge construction and improvements in unincorporated areas | 6,559,527 | 5,376,281 | - | 5,376,281 | 82% |
| Renovation of old high school | 1,500,000 | 1,497,396 | - | 1,497,396 | 100% |
| Two (2) fire brush trucks for fire department | 100,000 | 99,982 | - | 99,982 | 100% |
| Upgrade and expansion of Kinchafoonee wastewater treatment plant | 8,000,000 | 2,687,846 | - | 2,687,846 | 34% |
| Ambulance for the Smithville fire/ems station | 125,000 | 111,621 | - | 111,621 | 89% |
| Extension of water lines and systems | 1,300,000 | 1,248,299 | - | 1,248,299 | 96% |
| Storm water improvements | 1,000,000 | 370,960 | - | 370,960 | 37% |
| Palmyra fire/ems station | 650,000 | 84,000 | - | 84,000 | 13% |
| Renovation and expansion of public works building | 270,000 | 89,280 | - | 89,280 | 33% |
| Construction of a new headquarters library | 2,000,000 | 4,140,312 | - | 4,140,312 | 100% |
| Fire tower, burn building and driver training course | 500,000 | 40,238 | - | 40,238 | 8% |
| Total expenditures | $ 34,650,000 | $ 32,954,309 | $ - | $ 32,954,309 | |

# Lee County, Georgia
## Schedule of Special Purpose Local Option Sales Tax Expenditures
## June 30, 2016

| | Original Estimated Cost | Expenditures | | | Estimated Percentage of Completion |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total | |
| ***Sales Tax Referendum*** | | | | | |
| ***SPLOST VI*** | | | | | |
| Public safety capital projects and equipment | $ 3,570,000 | $ 1,984,176 | $ 590,698 | $ 2,574,874 | 72% |
| Courthouse - security, renovations & records | 500,000 | - | 7,885 | 7,885 | 2% |
| Water & sewersystem projects | 2,250,000 | 468,520 | 153,158 | 621,678 | 28% |
| Roads, streets and bridges | 10,738,760 | 1,220,739 | 825,519 | 2,046,258 | 19% |
| Oakland library project | 1,200,000 | 1,165,891 | - | 1,165,891 | 97% |
| Leesburg/Smithville Library Projects | 465,000 | 60,468 | - | 60,468 | 13% |
| Stormwater projects | 500,000 | 55,777 | 29,387 | 85,164 | 17% |
| Public works - renovations and equipment | 250,000 | 97,194 | 37,446 | 134,640 | 54% |
| Public facilities - renovations & GIS | 250,000 | 30,378 | 30,765 | 61,143 | 24% |
| Recreation projects | 1,750,000 | - | 14,474 | 14,474 | 1% |
| City of Leesburg | 2,650,000 | 569,406 | 343,759 | 913,165 | 34% |
| City of Smithville | 779,370 | 167,662 | 101,220 | 268,882 | 34% |
| Repayment of issuance of debt | 3,350,000 | 1,499,849 | 593,370 | 2,093,219 | 62% |
| Total expenditures | $ 28,253,130 | $ 7,320,060 | $ 2,727,681 | $ 10,047,741 | |